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NEWS SUMMARY

GENERAL (South Africa plan by EEC)

Foreign Ministers of the European Economic Community yesterday agreed to explore practical ways to which investments by European companies in South Africa could be used as a lever to bring about economic and social changes there.

The idea was proposed by Dr. David Owen, Foreign Secretary, at a political co-operation meeting in Brussels. Back Page.

Carter wavers on neutron bomb President Carter implied yesterday that he was in favour of the neutron bomb, but stated that he had not yet decided whether to deploy the weapon while causing minimal blast damage to installations. Back Page.

Juherillas attack Rhodesia club Nationalist guerrillas who made a racket and small arms attack on the Shangani club, 65 miles east of Bulawayo, killed one black and wounded three white children.

ink bomb back on MPs Women last night caused a during a Commons session on the Abortion Bill.

ark admits to carrying a gun Robert Mark, former Metropolitan Police Commissioner, said last night on a BBC 1 programme.

riefly... Brearley is to captain hand for the remainder of the Test series against Australia.

Robson, Ipswich manager, sacked as favourite to succeed Don Revie as manager of England soccer team.

Michael Debakey, U.S. heart surgery pioneer, said in age that artificial hearts to replace diseased human hearts in future.

EF PRICE CHANGES YESTERDAY (in pence unless otherwise indicated)

Table with columns for RISES and FALLS, listing various stocks and their price changes.

High Court upholds union recognition at Grunwick

BY RICHARD EVANS and NICK GARNETT

Lord Widgery, the Lord Chief Justice, upheld yesterday the arbitration service's report that the Association of Professional, Executive, Clerical and Computer Staff should be recognised at the Grunwick film-processing factory.

But despite a plea from the Prime Minister in the House of Commons that both sides in the 11-month dispute "draw back" so that the court's verdict could be accepted, Grunwick's managing director, Mr. George Ward, made it plain that he would fight the judgment right down the line.

"We have not lost. It is just the first round," he said. "We will go to the House of Lords if necessary. We will go to the end of the road."

On the dispute's postal front, the National Association for Freedom said that it had "masterminded" an attempted blockade-busting operation at the week-end to beat the boycott on Grunwick by Cricklewood sorters.

Using 250 volunteers, container-trailers, vans and cars, the association, which has been advising Mr. Ward, said it had shifted 1,000 sacks of outgoing Grunwick mail from Willesden. The mail was then posted in various centres throughout the country.

Much of this appeared still to be bottled up in a large number of post offices, with members of the Union of Post Office Workers refusing to handle it and waiting for instructions from their union executive. The executive was due to meet last night and issue a statement on the operation.

After a six-day hearing Lord Widgery dismissed the company's claim for a declaration that the report by the Advisory Conciliation and Arbitration Service was invalid.

The advisory service had been right to treat Grunwick strikers, later dismissed by the company, as workers whose views should be taken on that recognition issue.

It had also done all it could to discover the views of those employees still at work and had been unable to do so because Mr. Ward refused to hand over lists of those people.

Lord Widgery said he was satisfied that during discussions with ACAS about the matter, Mr. Ward could have supplied these lists at any time, but declined to do so in the belief that he could thereby exercise some control over the proceedings, particularly when such matters as the status of the strikers and the meaning of the ballot were concerned.

Lord Widgery's opinion ACAS's inquiry had been a formal ballot, and the methods adopted were those within the service's wide terms of reference.

The service had been entitled to break off negotiations with Grunwick.

Parliament, Page 10 Editorial Comment, Page 16 High Court decision and inquiry hearing, Page 23

Employees still at work and had been unable to do so because Mr. Ward refused to hand over lists of those people.

Iran is against oil price rise

BY RICHARD JOHNS

STOCKHOLM, July 12. IRAN HAS come out in open agreement with Saudi Arabia, at the Ministerial conference of the Organisation of Petroleum Exporting Countries here, that there can be no further oil price rise in present market conditions and without firm signs of economic recovery in the industrialised countries of the West.

The change in the position of Iran, one of the most militant bawks at last December's meeting, reflected a general consensus that OPEC unity should be maintained following the end to the six months' split over prices.

In an interview this morning, Dr. Jamsid Amouzegar, chief Iranian delegate, said: "As long as there is a glut (of oil) there cannot be an increase in price. Any OPEC moves on this front next year would have to depend on the rate of growth of industrialised countries, he explained.

Elaborating on this theme to night, in a broadcast recorded for Swedish television, he said: "It is difficult to judge what will happen, but I think the price will be frozen because there is no demand."

He expressed the hope that there would be a slow down in the rate of inflation because the oil producers themselves were affected. "We are in the same camp, the same boat," he added.

More predictably—but with due reference to the restoration of the cartel's unity as a result of the realignment of basic prices—Mr. Ahmed Zaki Yamani, Saudi Minister of Oil, asserted that the cartel's unity will be maintained in the same way as Saudi Arabia would like to have a freeze for the whole of 1977, but he has to discuss this with our colleagues in OPEC, and we hope we will reach a unanimous decision."

Speaking to the Financial Times, Dr. Valentin Hernandez Acosta, Venezuelan Minister of Mines and Hydrocarbons, said that it was impossible to say what members would decide when they meet in Caracas on December. He suggested that the glut was temporary and might not last more than six months.

He added: "The most important thing for us is to have resolutions approved by all members. I have the impression everyone has this feeling."

Nothing, certainly, will be decided in New York. Continued on Back Page. Oil glut cuts prices, Page 8

Table with columns for Spot, 1 month, 3 months, 12 months, and Previous, showing oil prices.

Spain expects devaluation to fuel inflation

BY ROGER MATTHEWS

MADRID, July 12. SPAIN'S BUSINESS and financial community to-day began to grapple with the effects of an effective devaluation of nearly 50 per cent of the peseta against the dollar and the Government's plans to introduce sweeping fiscal reforms.

Apart from the devaluation, in its first major statement of intent since taking office a week ago, the Cabinet, headed by Sr. Adolfo Suarez, announced that it would be making early application to join the European Economic Community and would be opening the question of possible Nato membership to public debate.

The other main points of the Government programme included: a determined fight against fiscal fraud by making it a penal offence, giving tax inspectors the right to examine company and individual bank accounts, and plans to strengthen heavily the revenue collection service.

The Government also promised to free interest rates from direct official control, to create a new credit entity for small companies, and to provide a generally more open capital market.

It also proposes to shift the burden of taxation more towards direct taxes, while protecting the lower-paid.

The devaluation is thought certain to accelerate domestic inflation, running now at an annual rate of 27 per cent, before dampening measures that the Cabinet is to introduce can begin to take effect.

Hope of agreeing some form of social pact with the unions have not increased markedly as a result of the Government's policy statement, since it is merely a statement of intent. It is expected that concrete proposals will be put before the Parliament within a few weeks.

It has been clear for many months that the peseta, which is substantially overvalued, has been far more doubtful about the fiscal policies, both as to their effect on business confidence and the difficulties of making them stick.

At the close of foreign exchange markets here the Bank of Spain announced that the peseta "had floated down" to 195.5 per cent below Friday's rate against the dollar. The Bank of Spain fixes rates for the peseta against the dollar, although they are, technically, floating.

British tourists were to-day receiving between 148 and 149 pesetas for their pounds compared with 120 last week, and the devaluation will be of special benefit to expatriates living here on fixed incomes.

The immediate impact on power. Spanish tourist income is expected to be relatively small during the remaining summer months, as bookings are at their highest point since the previous peak year of 1973.

However, devaluation could stimulate bookings for the autumn and should provide a significant boost for the 1978 season.

It seems that the Government would have preferred to change the peseta's parity in the autumn as it has yet to announce parallel measures aimed at stimulating exports.

The current account deficit last year was almost \$4.3bn., and the architect of present policies, Professor Fuentes Quintana, Spanish devaluation Page 7 Editorial comment Page 16 Economic package Page 17 Lex Back Page

Prospects of Government-TUC pay pact lessen

BY ALAN PIKE AND PETER RIDDELL

PROSPECTS OF THE Government and TUC being able to establish a sufficient common ground on which to base an agreed statement on pay policy for the coming 12 months were at an ebb after a meeting of two senior Ministers and trade union leaders last night.

The meeting lasted for less than two hours and was mainly devoted to a restatement of position by each side. No statement was issued afterwards and points raised by Mr. Denis Healey, the Chancellor, will be considered at a meeting of the TUC economic committee to-day.

However, although last night's talks were formally adjourned it is by no means certain that there will be any further meeting between the Government and TUC before publication of the contents of the White Paper, expected at the end of this week.

Nothing emerged from the talks to change the view of some of the most senior trade union leaders that the demands for a return to free collective bargaining before publication of the White Paper, expected at the end of this week, are not always a easy.

But last night's meeting apparently failed to convince union leaders whose conferences have demanded an immediate return to free collective bargaining that any formal arrangements with the Government remain possible.

Mr. Healey last night outlined the consequences if a satisfactory pay deal cannot be agreed, in particular the likely dropping of all or part of the 2p conditional cut in the standard income tax rate.

However, the Chancellor is expected to have gone some way towards meeting the TUC's concern about prices with an outline of the Government's proposals, including possibly the postponement of the rise in school meal charges, the continuation of food subsidies, and a commitment not to raise a number of nationalised industry prices for a specified period.

During the last couple of days, the Government has been preparing the way for the possibility of no agreement by emphasising its existing earnings objective and monetary guidelines will continue unaltered whatever happens.

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Table with columns for FEATURES, ON OTHER PAGES, and ANNUAL STATEMENTS, listing various news items and their page numbers.

LOMBARD

How to protect the poorest

BY PETER RIDDELL

THE GOVERNMENT can still salvage something this week from its recent defeats on pay... all the many interest groups in the poverty lobby were agreed that improvements to the child benefit scheme were the first priority.

Index linking

Pensioners and some other recipients of social security benefits have been protected to some extent by the index linking of their benefits to whichever is the higher of earnings or price inflation.

The Child Poverty Action Group's evidence to the Royal Commission on the Distribution of Income and Wealth showed how the number of non-pensioners (notably those with children) living below the supplementary benefit level—the official poverty line—had increased by more than 50 per cent between 1972 and 1975 while the number of pensioners below the line had dropped by a quarter.

The introduction of child benefits—£1 for the first child and £1.50 for subsequent children—has made no real difference to the basic problem since many poor families were hardly any better off after taking account of consequent reductions in rent and rate rebates.

Survival

The political objection to this as the famous leaked Cabinet documents showed—was that redistribution from husbands to wives on a large scale is regarded as for some reason "unacceptable" by many Ministers and trade union leaders.

CRICKET: SECOND TEST

BY TREVOR BAILEY

Win confirms Brearley as captain

ENGLAND beat Australia by nine wickets at Old Trafford to go one up in the Test series. Throughout the game, on a good cricketer's wicket, they employed their opponents in all three departments.

Amiss and Brearley, with the latter the more confident operator, took the total to 82 before the England skipper was caught for an impressive 44. He has now, quite correctly, been appointed captain for the second Test. The determination he displayed was most encouraging.

Although England have every reason to be well satisfied with their large victory, several problems still remain, not least being a surplus of bowlers which is something of an embarrassment to the captain. Rather surprisingly, in the Australian second innings Brearley employed Greig, his fourth-choice seam bowler, in preference to his second and third, Lever and Old, to support the spin of Underwood and, to a lesser degree, Miller.

This suggests that Greig should be considered as the recognised fifth member of the attack, thus leaving room for another specialist batsman in the next Test. The case for adopting this approach is strengthened by the presence of Underwood in the side. He may not be a genuine international bowler but is a very useful of seamers, certainly as good as Chappell.

Fastest

Because Willis has clearly proved the fastest and most successful of the pace men, and Old has always impressed, it looks as if John Lever could be the unlucky man, despite his three wickets in the first innings. Willis, at the least, is likely to exclude him for several years at the very least.

Presumably Barlow, the 12th man, will be included at Trent Bridge, but it would be useful if he could score heavily for England in the meantime. Middlesex in the meantime have almost knocked off the runs required for yesterday's victory, the former was far from convincing against the pace of Thomson.



It was not all plain sailing for England as they achieved victory yesterday morning. Openers Dennis Amiss was struck on the chin by a ball from Australian fast bowler Jeff Thomson.

to be used in short bursts, but is at his best when he can have lengthy, eight-over spells.

There is, also, the question of whether Greig will be disciplined for his ill-advised comments on the pitch on the first day. If he should be left out for that reason then Botham is the logical replacement—and probably the eventual success.

Greig's contract with Packer is likely to exclude him for several years at the very least. Presumably Barlow, the 12th man, will be included at Trent Bridge, but it would be useful if

he could score heavily for England in the meantime. Middlesex in the meantime have almost knocked off the runs required for yesterday's victory, the former was far from convincing against the pace of Thomson.

Should the selectors decide to forgive Boycott for his self-imposed exile from international cricket when England were struggling, then his technique, ability and experience could well prove an asset. It would, however, come as no surprise if he were not recalled until Randall 79, Greig 76 and 42-1 (Brearley 44).

BY ANTONY THORNCROFT

SALEROOM

Bronze Age ornament sold for £30,000

A BRONZE Age gold-terc, probably an ornament for a belt, dating from between 1200 and 1000 BC and found near Harlech in 1962, was sold for £30,000 (plus a 10 per cent buyer's premium) at Christie's yesterday by Baldwin, the London coin dealer. It was the property of Lord Mostyn and had been in his family for many years.

This was the top price in an auction of antiquities which made £157,735. An Egyptian granite head of Sakhmet of the 18th Dynasty, a 1400 BC sword for George Woodall, an Attic red amphora of 5th century BC fetched £7,000, and an Egyptian limestone bead of an official of the 14th century BC, made the same price.

ENGLAND'S SOCCER CHIEF

Robson may talk over Revie's harsh problems

BY JAMES FRENCH

THE RESIGNATION of Mr. Don Revie, OBE, as England's national soccer team manager is believed to be truly so. Nothing could have surprised anyone more than the fact that he has only three full-time staff managers of the national England's 2-1 defeat team: Mr. Walter Winterbottom, land in the home fire CBE, now the director of the Sports Council; Sir Alf Ramsey, who took England to victory in the 1966 World Cup, now a director of Birmingham City F.C.; and of one or two commercial companies; and Mr. Revie.

Mr. Winterbottom was in charge of the national squad from 1945 to 1962. Sir Alf from 1962 until April 1971. Mr. Revie's reign has lasted only since September 1971.

The national team is still involved in the 1978 World Cup in Argentina, needing to beat Italy in a substantial margin at Wembley, in November to prevent the Italians (who beat England 2-0 in Rome) doing the qualifying.

England's national team managers last long time. Brazil, the most brilliant and most successful of some time, has had far more changes.

There have been rumblings of dissatisfaction about Revie and his resignation was not entirely unexpected. The job he has filled is as lonely, at times, as that of a lighthouse-keeper in a one-man lighthouse.

Congestion

Perhaps the main reason is that the Soccer supreme has responsibility without power. He is responsible for fulfilling the aspirations of millions of mostly armchair supporters but does not control the players with whom he is supposed to do the job.

Unlike countries with less demanding club programmes, England has to beg charity from the powerful clubs to obtain the services of players for talking and training sessions.

It has long been established practice in Europe and South America that league programmes are cancelled before a match involving the national side. Only recently have steps been taken to launch this practice in Britain, and there are still many snags.

Football League clubs have heavy programmes, than their continental counterparts. They have to play two divisions of 20 clubs, meaning a programme of 42 matches, whereas par elsewhere is generally 16 clubs and 30-match league programme.

Also, there is dual control, with the Football League an independent entity and the Football Association responsible for the national game, running of it generally and supervising its laws and discipline, and also running the national cup competition.

This duality has bred stresses from which other soccer nations are free, and it has prompted the League to add to future congestion by launching its own cup competition. The congestion has been exacerbated by a few commercially sponsored competitions of little greater significance than their contribution to the finances of the clubs. It is im-

credibly, Ramsey, who would win the 1966 World Cup, which he became Sir, but sporting sounder than words. Nor is Revie a great word-spinner. He has the charm to win over his needed on his side with injuries and inability of top players (England have no-one skill of Gordon Ball, Moore, and Bobby the peak of their performance for that matter, a T. Tom, a Stanley Matt, Tom Finney), he has chop and change that has been judged as

the soccer establishment should provide the first from its public yesterday's newspaper. It could be to inform that England go for a second assembly of their is common circles, have a patriotic reputation: a manager, former EA national Bobby Robson, really put it with style and a scheme that is best stars. It is integrity that have won many

Robson is the favourite for the job. He has other 9-4 Brian Clough, Charlton 10-1 Ron Greenwood, 9-0 Terry Stakes, 100-1 Dave Sexton.

Multiple sections including TV Radio schedules, F.T. CROSSWORD PUZZLE No. 3,429, RACING BY DOMINIC WIGAN, Queen of the Realm form well tested, SALE OF TWO CENTURIES NOW ON 25% - 50% REDUCTIONS!, and GIEVES & HAWKES advertisement.

TV Radio section containing schedules for BBC 1, BBC 2, LONDON, RADIO 1, RADIO 2, RADIO 3, and various crossword puzzle solutions and clues.

Robson... over Review... harsh... BY JAMES FRENCH

That was the week by CHRIS DUNKLEY

Having admired Menger's work with a hand-held camera... WEDNESDAY - You have to admit the sheer persistence with which BBC Manchester...

Following by one of the modern shoulder-mounted electronic cameras... THURSDAY - Any residual belief that test cricket might be a slow game evaporated with the start of the BBC's combined reports...

programme managed to combine the Prince Organisation and all the nastiest principles... SATURDAY - Though it has been somewhat uneven, it acting as well as plots, Robert Muller's series of spooky little plays...

FRIDAY - ATV have come up with the inevitable late seventies version of The Power Game... SUNDAY - Having dealt some time ago with that doleful crew within the Church of England...



Cathleen Nesbitt and John Osborne in 'Supernatural'

Royal Shakespeare Theatre

Henry V by B. A. YOUNG



Alan Howard

There are new faces in the Royal Shakespeare Company's Henry V, but the production under Terry Hands remains much the same...

touching Boy and a beautiful cameo of the Constable of France by Bernard Brown that puts Stephen Jenn's Dauphin right down. Barbara Kellerman gives a dazzling Kate and makes her old linguistic jokes seem as fresh as a hayfield...

Letter from Florence

Dance at the Maggio by WILLIAM WEAVER

Though the opera sector of its press equally detachment and audience—at least on the third night when I got there—was rapt, then enthusiastic. Enthusiasm was even greater for the final piece, an anti-traditional, unorthodox Rite of Spring. Here Neumeier demonstrated his special gift for little or no attention to him, a doctor and nurse who moved about the stage occasionally, to no evident purpose...

Pierrot Lunaire by CLEMENT CRISP

week of the Nureyev. Nureyev's haggard and twitchy... which he wore on Monday efficient. About the pas de deux from The Toreador which Fleming Flindt has concocted from the old 'Bournoisville' ballet...

Even Isserlis by RONALD CRICHTON

Isserlis is a young major Sonata of Brahms. Mr. Isserlis was at his best in some expertly lyrical music with a flowing line...

Miss Julie by ARTHUR JACOBS

William Alwyn will make his debut as an opera composer on Radio 3 next Saturday at the age of 71. Chiefly known for his orchestral works, and earlier for his film music, he has boldly chosen Miss Julie for his subject...

What some don't know about Tyne and Wear would fill a book. So we did!

If you are in industry or commerce and haven't taken a good look at Tyne and Wear recently, chances are you're way out of date. Tyne and Wear County is a Special Development Area, offering to enterprising industry and commerce the highest Government incentives in Britain...

SAI... NOW ON... MADISON... GIEVES &...

EUROPEAN NEWS

Gierek hints at moves towards democracy

By Christopher Sobinski
WARSAW, July 12.
POLISH leadership appears to be introducing a greater degree of democracy into Poland...

IFO WARNS ON STALLED ATOM POWER PLANS

W. German growth targets at risk

BY GUY HAWTHORN
FRANKFURT, July 12.
A LEADING West German economic research institute has warned of dire economic consequences if the country does not go ahead with at least a major part of its nuclear power programme...

Mitterrand attacks Patronat 'poll fund'

By Robert Mauthner
PARIS, July 12.
THE FRENCH Socialist leader, M. Francois Mitterrand, today accused the French Employers' Federation, the Patronat, of setting up a 'poll fund' to stop the Socialist-Communist alliance...

EUROPEAN LAW The court comes down to earth

BY A. H. HERMANN, LEGAL CORRESPONDENT
A NEW kind of European Court cases referred to the EC has been gradually emerging...

Record chemicals labour costs

BY OUR OWN CORRESPONDENT
FRANKFURT, July 12.
PERSONNEL COSTS in the West German chemical industry have risen to the record level of DM21.15 (£3.37) per working hour...

Belgrade compromise proposed

BY PAUL LENDYAI
VIENNA, July 12.
NINE NEUTRAL states have a basis for meaningful discussion worked out a compromise document...

Jenkins for talks in London

By Guy de Jonquieres
BRUSSELS July 12.
MR. ROY JENKINS, President of the European Commission, will fly to London on Thursday...

Portuguese worker groups law

BY DIANA SMITH
LISBON, July 12.
PORTUGUESE SOCIALISTS, Social Democrats and Christian Democrats have joined forces to pass a Bill in Parliament...

Romanian call for Communist independence

By Our Own Correspondent
VIENNA, July 12.
MR. NICHOLAS Ceausescu, the Romanian head of state and secretary-general of the ruling Communist Party, yesterday declared there can no longer be a leading centre in world Communism...

NATO appointment

By Malcolm Rutherford
A WEST GERMAN general is to be given the new post of Second Deputy to the Supreme Allied Commander, Europe (Saccur), in the Autumn...

Vacuum

Filling the vacuum created by the slowness with which the Council of Ministers agrees on new directives and regulations...

Supreme Court who and analyse the social and economic aspect

Dr. Hans Kutscher, one of the Commissioners, has drawn attention recently to the need for a machinery which would bring the requirements of the Community farmers into line with the wider purposes of the Community...

Appeal

It seems probable that many cases, perhaps parties would be sent to the decision of the ECJ - the present Advocate General's opinion...

Appeal

The Treaty provides for a system of appeal, allowing the Commission and the Council, and between them and member States...

'WHEN YOU COVER MORE KILOMETRES THAN MILES YOU COME TO APPRECIATE DODGEMANSHIP!'

Don Wilson, Managing Director of Thrapston Warehousing Co. Ltd., originally decided that the Dodge 100 Series 7.38 tons GVW Commando was the right vehicle for the company's UK express deliveries...



DODGE 100 SERIES COMMANDO Dodge Trucks Taking more care, to bring you better trucks and vans. CHRYSLER UNITED KINGDOM

Dr. Hans Kutscher, one of the Commissioners, has drawn attention recently to the need for a machinery which would bring the requirements of the Community farmers into line with the wider purposes of the Community...

AMERICAN NEWS

EUROPEAN LAW The court down to

Congress accused of city over Korean bribes investigation

WASHINGTON, July 12. CONGRESS has been accused of its own subterfuge in a bribery investigation...

Trudeau and Schmidt 'progress' on uranium

OTTAWA, July 12. CANADIAN Prime Minister Pierre Trudeau and West German Chancellor Helmut Schmidt have made "some progress" towards finding an agreement that would help overcome the uranium hurdle...

VENEZUELA'S NEW RELATIONSHIP WITH THE U.S. A moderate voice for the Third World

BY JOSEPH MANN IN CARACAS THE RECENT official visit to Washington made by Venezuela's President, Sr. Carlos Andres Perez, could hardly have come at a better time...



President Perez

As a reward for risking a confrontation with Arab members of the oil producers' group, Venezuela's role as a moderating force in pursuit of Third World goals...

The two leaders played down talks in Venezuela's Orinoco heavy oil belt, a vast reservoir of non-conventional petroleum holding more than 700bn. barrels in still untapped reserves...

Labour seeks review with Latin nations

LONDON. The British Labour Party, in Government to use its influence in international financial institutions such as the IMF, World Bank and Inter-American Development Bank...

Kland talks start again

London. The Falkland Islands are the subject of the talks between the British and Argentine governments...

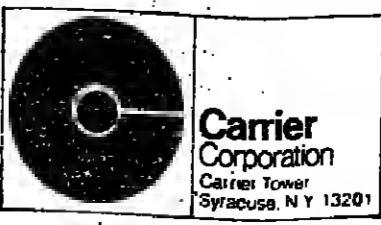
Even Clemenceau would have approved of... Av. Georges Mandel... JOR & Cie. 39, rue de Courcelles - 75008 Paris Tel. : 766 25 32

WHEN THE WATERS OF THE GULF CAN'T COOL IRAN'S GIANT NUCLEAR PLANTS, WE CAN.

The plan was to cool the two new plants at Bushehr on the Iranian coast with enormous amounts of water from The Gulf. But on some days, The Gulf is just too warm to do the job...



Similarly, Carrier International has become the major factor worldwide in the soaring markets for all kinds of air conditioners and refrigeration equipment...



CARRIER CORPORATION. ENERGY IDEAS AT WORK.

OVERSEAS NEWS

Australian exchange reserves tumble

The flow of foreign capital into Australia dropped off sharply last month, sending foreign reserves tumbling to their lowest level since the 17.5 per cent devaluation of the Australian dollar last November...

Nyerere for U.S.

President Julius Nyerere of Tanzania will pay a state visit to the U.S. in early August at the invitation of President Carter...

Flood in S. Korea

Drizzling rain in Seoul and neighbouring areas forced South Korean Government workers to evacuate victims of a disastrous week-end rainstorm in new shelters yesterday while more than 1,000 workers acted to prevent further mudslides or flooding...

Vietnam deaths claim

The Association for Human Rights in Vietnam said yesterday that more than 20,000 refugees have drowned in the sea trying to escape from Vietnam since the Communist takeover of the South in May, 1975...

Funds for S. Africa

West Germany has direct investments in South Africa totalling DM4,000m. (£1,500m), the Bonn daily paper, General Anzeiger, said yesterday...

Reflation and import growth will be Fukuda's main target

BY OUR FOREIGN STAFF

MR. TAKEO FUKUDA, the Japanese Prime Minister, said yesterday his Government will take further steps to reflate the economy, including a supplementary budget if necessary...

Reflation and reduction of Japan's large and growing trade surplus will be the Government's main priority, Mr. Tetsuo Tanaka, the International Trade and Industry Minister, later told a Press conference...

This follows yesterday's Bank of Japan estimate of a \$7bn. trade surplus for the first six months of this year, which will probably outstrip last year's record \$9.9bn. by the end of the year.

It also follows a petition from the Keidanren (Federation of Japanese Economic Organizations) arguing the need for more vigorous stimulus. The petition was presented immediately after publication of the final results of Sunday's Upper House election...

This electoral success strengthens Mr. Fukuda's hand and he is expected to show greater confidence in handling the economic and other controversial issues—such as the negotiation of a peace and friendship treaty with China—facing his Government.

Sri Lanka's opposition woos youth vote

BY MERVYN DE SILVA

COLOMBO, July 12.

SRI Lanka's conservative opposition United National Party, increasingly confident of overthrowing the government of Mrs. Sirimavo Bandaranaike in next week's general election, is pitching the final stages of its campaign to wooing the votes of radical youth.

Most of the country's one million registered unemployed are educated youth and their protest vote is likely to be a decisive factor in an electorate of under seven million.

Mr. J. P. Jayawardene, the 71-year-old UNP leader, gave further proof at the week-end of his tactical shift to the left, when he offered to review the sentence imposed on Mr. Rohana Wijeweera...

The UNP has traditionally been the party of big business and rural landowners. It hopes to gain 100 of the 168 seats in the assembly.



Development of Mekong will resume

RANGKOK, July 12.

VIETNAM, Laos and Thailand—with or without Cambodia—will resume development of the Mekong River later this month, suspended in 1975 due to the Indochina war.

Mr. V. J. van de Oord, chief coordinator of the project, confirmed reports that representatives of the three countries will meet on July 26-29 in Vientiane and work as an interim committee. Cambodia has failed to answer invitations to the meeting.

The committee was formed in the 1960s for joint work on building dams and reservoirs, irrigation systems for farmland, and to promote fishing, communications and transport along the 2,500-mile length of the Mekong.

Great but not super sheikh

BY COLINA MacDOUGALL

IN A major new study of the Chinese oil industry, the CIA has concluded that Peking's onshore reserves are about the same as the 89.52 barrels remaining in the U.S. while its offshore potential is likely to be less than earlier predictions had foretold.

The CIA estimate places China well above the U.K. (proven reserves around 170m. barrels) but well below the major Middle East oil states: Iran (83bn.), Kuwait (67.4bn.), Saudi Arabia (110bn.).

While admitting that not even the Chinese know the size of their reserves, the CIA estimates that they are considerable, though not of the startling size that was earlier suggested, notably by the Japanese. In fact the agency has scaled down considerably its own estimates of reserves and production published two years ago in the report to the Joint Economic Committee of Congress.

You don't have to be an elephant to remember the times of our Jumbos to New York.

Table with columns for LONDON and NEW YORK, and rows for DEPART and ARRIVE times for MON., TUES., WED., THURS., FRID., SAT., and SUN.

S. African administrator in Namibia

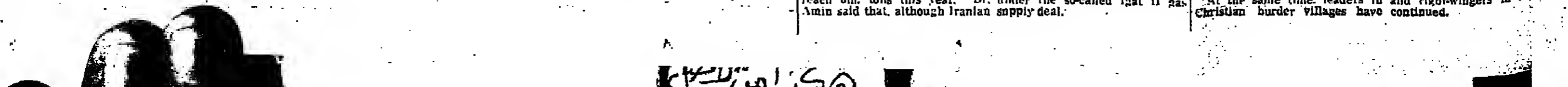
MR. JUSTICE Martinus Steyn, the South African judge who will oversee Namibia's (South West Africa's) progress to independence, visited the territory yesterday for the first time since his appointment last week as its Administrator-General.

Iran gas method for steel

IRANIAN plans to produce 6.7m. tons of steel by 1982, using gas as an ambulatory, current rates of direct reduction, according to Dr. Reza Amin, head of the state-owned national Iranian Steel Industries Corporation (NISIC).

New Lebanon peace pact

THE PALESTINE Liberation Organisation has offered a three-point plan for ending the tensions in southern Lebanon, it was reported here today.



WORLD TRADE NEWS

Australian import quotas

By Randall... ANBERRA, July 12... AUSTRALIAN Government... applying immediate quotas on cars in...

Japan delays nuclear reprocessing plans

By Douglas Ramsey

JAPAN WILL have to delay reprocessing of spent nuclear fuel until autumn at the earliest... Leaving Japan today...

plutonium and other elements... The U.S. is not convinced there are sufficient safeguards to warrant the world-wide development...

is needed for the use of U.S. fuel at any step in the nuclear fuel cycle... Japan had hoped to get U.S. permission in time to start "hot tests" in July...

\$400m. Iranian telecom deal

By Robert Graham

TEHRAN, July 12... AMERICAN BELL International, a subsidiary of A T and T, has just signed a major contract to manage and supervise the installation, expansion and maintenance of Iran's telecommunications system over the next ten years...

SPANISH DEVALUATION Little effect on U.K. exports

By John Lloyd, Industrial Staff

THE 20 per cent devaluation in the peseta is not expected to have a major effect on Anglo-Spanish trade... Through it means British exports will cost more...

In 1976, Britain was Spain's sixth most important supplier of goods, after the U.S., West Germany, Saudi Arabia, France and Iran... British exports to Spain totalled nearly \$370m. in that year...

Israeli decision urged

By S. L. Daniel

ISRAELI WOULD be able to build her own nuclear reactor for electricity production and should do so if, for political reasons, she cannot order a reactor from abroad...

Israel's first nuclear power station. Originally, this was to have gone on stream in 1980... The date was then revised to 1988 and has now been changed to 1992 since the proposed site near Shkelon on the Mediterranean coast has still not been approved...

Lords' report on EEC role

By Reginald Dale, European Editor

A HOUSE OF Lords Committee yesterday called for much greater attention to be given to the EEC's common commercial policy as evidence of the remarkably hard-looking character of the Community...

The wide range of agreements and the number of agreements to be negotiated... It warned, however, the effect of preferences would have to be carefully examined during the entry negotiations with Greece and subsequently Portugal...

super sh...

on executive and shop recommended the programme meetings to-day were held off of the main meetings... The biggest obstacle to the country's invisible exports...

Call to encourage invisibles

By Michael Blamont

THE SURPLUS on the U.K. balance of payments is a result of North Sea oil which provides a huge source of foreign exchange needed by the country...

Invisibles exporters, he said, had shown to a dramatic way that they could produce the earnings needed by the country... The committee had submitted evidence to the Wilson Committee...

direction of investment and for nationalisation, and will help to restore the environment in which the City can make its maximum contribution to the economy... The chairman drew attention to the expected further sharp growth in the contribution of invisible earnings this year...

U.K. shoes sell well abroad

By James McDonald

DESPITE the heavy penetration of the U.K. by foreign footwear, the British footwear industry is mounting a large-scale export drive, according to the British Footwear Manufacturers' Federation...

Crossley Citibank credit

Financial Times Reporter

THE FIRST ECGD-backed buyer scheduled for late 1978... The signing of this loan brings the total value of buyer credits Citicorp International Bank acting on behalf of Citibank for the \$60m. It is the Government's new directive on buyer credits...

crossed by a foreign bank has been signed by Citicorp International Bank acting on behalf of Citibank for the \$60m. It is the Government's new directive on buyer credits... The \$3m. loan will help finance a \$5m. contract awarded to Crossley-Premier Engineering Corporation...

Technical Page

By Arthur Bennett and Ted Scholters

ay goes where pointed

ING just past has sprayed and proved it conclusively to crop of pests in field trials, using one spray in gardeners' whose boom in its original state and plants have been the opposite boom with the tractor-based system... The tractor-based system is ready for manufacture and an airborne one is under development...

DLING jags cut the cost

trip intermediate ner (IBC) has been by Miller Wehlift... Another maker of IBCs is Lofit (U.K.); a member of the "W" Ribbons Group... Already appointed are Peck and Hale Inc. of New York (also acting as agent for Mexico), and Bulk Systems Inc. of Chicago...

PROCESSING Removes the water

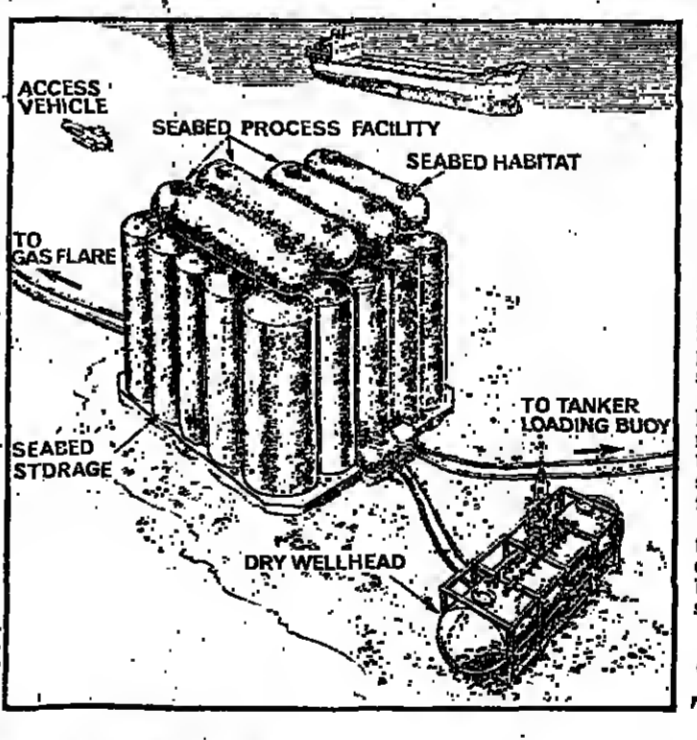
DATRON BS of Sheffield, specialist suppliers of products for concrete construction, have a vacuum de-watering unit with significant advantages over other methods... Datron-Bewag Mini-Vac 155 has a capacity of 155 cubic metres per hour at a vacuum of 80 per cent to 95 per cent... This means that an area of up to 100 square metres of slab can be treated at 100 gpm. Yet this unit is small and uncomplicated, weighing only 195 kilograms...

ELECTRONICS Simplifies tuning

ALREADY commonplace in ultra and very high frequency design, the technique of varactor diode tuning can be extended to the medium wavelength band using MVAM115/125 diodes introduced by Motorola... Station tuning by adjusting the values of a variable air capacitor is thus obviated, tuning being reduced to the pressing of a few preset station buttons...

MACHINE TOOLS Faster transfer press

AN AUTOMATIC 63-ton, 12 number to around 150,000, station transfer press has been developed by BMW, the machine press has triple zig-zag blanking which saves 2.5 per cent material waste... It is twice as fast as the previous model of this method... For the mass production of circular and non-circular components up to 180mm diameter, 70mm deep, from 3mm thick coil stock, the press has a bottom drive and is capable of infinitely variable ram speeds from 28 to 112 strokes/min...



VENTILATION Trading on air

CLAIMING to be the biggest British-owned air-conditioning company in the U.K., Temperature Control Company has 250,000 square feet of production space on the Isle of Wight following extensions to the Sandown and Cowes factories... A turnover of £11m, with nearly 40 per cent of the product exported to 33 countries, the company is planning a special export thrust into the homeland of air conditioning itself, the U.S...

TELEX SHARING

£30 p.a. * 20 teleprinter mean clear lines, sending and receiving. * Personal attention 9 a.m. - 9 p.m. thereafter answer- phone. * Charges on a per-word basis means no surprises! * File copies. * Translations, BRITISH MONOMARKS 01-407 4442, 01-404 5011 Est. 1923 by arrangement with the G.P.O.

COMPUTING Three new printers

ONE OF the major independent suppliers of line printers to the O.E.C.D. market, Dataproducts Corporation, has introduced three new machines aimed at the low to medium speed market in small business systems, remote intelligent terminals, distributed processing and word processing systems... M-200 is an impact matrix type which uses a new dual column 14-wire head and an improved paper feed guidance system to achieve 200 lpm in a bi-directional mode...

TRADING ON AIR

Units designed for the Army for example have to remove particles from the air down to one micron in size. They are essentially life support systems in vehicles such as the new Chieftain tank... Railway work includes ongoing orders for 2000 units of the 1000 series plus 40 prototypes that are being made for the high-speed train. The company is also looking at the energy-conserving possibilities in using the heat created in regenerative braking of electric trains to heat the coaches... For some time Temperature has supplied equipment to cool the Post Office's telephone exchanges; with the move to silent electronic switching, the company has also had to make "silent" conditioners that will, for example, move 8,000 cfm at noise levels not exceeding 45 dBA.

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HOME NEWS

Prospects improve for house buyers

BY DAVID FREUD, INDUSTRIAL STAFF

FIRST-TIME PURCHASERS are now in a better position to buy houses than at any time since the early 1970s...

Consumer group may select new leader

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE DEPARTMENT OF Prices is believed to be looking for a successor to Mr. Michael Young to head the Government financed National Consumer Council.



Mr. Jeremy Mitchell, New Director of the National Consumer Council

Yesterday Mr. Young was in America and the Department of Prices would not comment on the suggestion that it was looking for a new chairman for the NCC.

Consumers' Association in 1958, has been mainly in the more traditional areas of consumer affairs...

Fall in retail textile sales worries North-West companies

BY RHYTS DAVID, TEXTILES CORRESPONDENT

A DOWNTURN in retail sales of textiles within the past two to three months, after a period of relative buoyancy in the first quarter of this year...

Coffee price curb may be imposed

MEASURES to ensure that the lower world price of coffee is reflected in the shops may be introduced shortly...

forecasting early reduction from this unprecedented level. Ideally, Mr. Hattersley would probably like to find some way of speeding these price reductions...

Radiation monitoring 'should be extended'

BY IAN BREACH IN WHITEHAVEN

MEMBERS of the general public in West Cumbria should be subjected to wholebody monitoring of their exposure to industrially produced radiation...



WINDSCALE INQUIRY

Neutron weapon has big advantage

By David Fishlock, Science Editor. EXPOSURE to high-energy neutrons is one of the speediest and surest methods of killing. High doses of neutron rays...

Cook and Provincial to offer holiday deal

BY ADRIENNE GLEESON

A RADICAL new departure for building societies was announced yesterday by the Provincial, which has linked with Thomas Cook...

that the new moves, in addition to providing a welcome service to existing depositors, will attract new customers...

Move to win over devolution rebels

By Our Scottish Correspondent

A DELEGATION from the Scottish Council of the Labour Party will meet representatives of the party's Northern region to-day in an effort to win more friends for the new devolution legislation...

Ford dispute hits recovery in U.K. vehicle industry

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE RECENT recovery in U.K. vehicle production suffered a sharp blow last month from the dispute at Ford which hit both its car and Transit van output...

Oil glut leads to cut in spot prices

BY RAY DAFTER, ENERGY CORRESPONDENT

A WORLD GLUT in oil supplies has led to a marked reduction in spot market prices. Rising North Sea oil production is helping to contribute to this weakening market...

Loan of £6.9m. for Tees benzole plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE BRITISH Steel Corporation of plastics, such as polystyrene, has secured a £6.9m. medium term loan from the European Investment Bank to help finance the construction of a benzole refinery at Port Clarence on Tees...

Heathrow-Gatwick air link to start next April

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A HELICOPTER LINK between Heathrow and Gatwick Airports is to be started next April by the British Airports Authority. The Heathrow to Gatwick link will be a direct air service...

Ignorance about retirement

BY ERIC SHORT

THE AVERAGE manual worker is unaware of the large tax-free fund, Alan Firth, Legal General's pensions manager, commented. Such a benefit is particularly attractive to the private sector workers...

IN BRIEF

Pension fund exercise

The Occupational Pensions Board is seeking information from organisations and individuals about the need for greater protection of company pension rights.

Study agreement

The Open University has reached an agreement with the Council for the Short-term Improvement of the Higher Education Sector...

Insurance link

Vauxhall Motors is offering buyers of its vehicles low cost insurance. The Vauxhall Insurance Plan has been approved by the Motor Insurers' Bureau...

Airport terminal

A new passenger terminal at Birmingham Airport, and improved handling facilities for British Midland Airways...

Tube aid rejected

Greater London Council will not be able to use funds earmarked for the short-term improvement of the inner city on the second stage of the Fleet Line underground, now renamed the Jubilee Line.

Textile deal

Don Brothers, the Scottish textile group based in Forfar, has reached agreement with the Thibkol Corporation of the U.S. to buy the factory and plant of the fibres division of Thibkol Chemicals...

Car insurance

Reductions in insurance premiums of up to 35 per cent. are available to Vauxhall owners, regardless of the age of their cars, under a new Vauxhall insurance plan.

Further remand

Mr. Graham Barton, a former Leyland Finance executive, and his wife, who are alleged to have forged a letter purporting to be signed by Lord Ryder, were further remanded to August 30 when they appeared at Bow Street Court, London, yesterday.

Bristol lottery

Bristol is to launch a civic lottery on August 6. It will offer a maximum of 40,000 tickets at 25p and will be drawn monthly initially.

Education chief wants bright pupils to work in factories

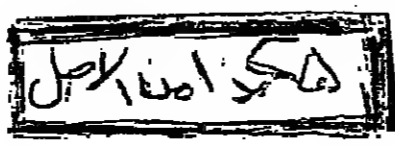
BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ACADEMICALLY bright youngsters should leave school and start work on the factory floor, Mr. Barry Taylor, chief education officer for Somerset, said yesterday. For many that would be a better training for management than going on to conventional degree courses at university, he said.

Tories oppose water authority

BY STUART ALEXANDER

A WARNING that the Tories will oppose the creation of a National Water Authority on the grounds that it would be a move towards the nationalisation of the private water companies was given yesterday by Mr. Michael Heseltine, the party's spokesman on the environment.



هكذا من العمل

Ford
recovery
vehicles

Oil
in

NatWest also has branches overseas.

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PARLIAMENT and POLITICS HOME NEWS

Callaghan hopes basis now exists for Grunwick peace

BY IVOR OWEN, PARLIAMENTARY STAFF

A "COOL IT" plea was made to both sides in the Grunwick dispute by the Prime Minister in the Commons yesterday...

Ward's best course would be to reconsider his position and not seek to overturn the High Court decision by appealing to the House of Lords...

Unions warned on pay demands

BY JUSTIN LONG

MR. JAMES CALLAGHAN, Prime Minister, yesterday gave notice that he would examine the Government's pay policy...

U.K. suppliers gain big North Sea market share

BY RAY DAFFER, ENERGY CORRESPONDENT

THE U.K. offshore supplies industry has gained a bigger share of the £1bn-a-year North Sea oil and gas market...

Ninian Field platform later this year. The Ardyna Point yard of McAlpine Seateak is being put on a "care and maintenance" basis after the departure at the week-end of the Brant "C" platform...

Clash over postal action

BY IVOR OWEN

HOPES OF securing an early end to the Grunwick dispute would be damaged by drafting in other postal workers to fulfil the duties of the men suspended at the Cricklewood sorting office...

would. In the Government's judgment, make more difficult the task of the court of inquiry into the Grunwick dispute...

Rise sought in domestic air fares

By Michael Domes, Aerospace Correspondent

FURTHER INCREASES in U.K. internal air fares, amounting to between 4 per cent and 10 per cent, are being sought from November 1. Rises of between 5 per cent and 15 per cent were introduced in April...

Beer prices report expected by July

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRESENT INDICATIONS are that the Price Commission will complete its investigation into beer and pub prices by July 31. The date set by Mr. Roy Hattersley, Prices Secretary, and subsequently criticised by the commission, would be contradictory to the schedule...

Tories promise cash for police

DETAILS of the review of the machinery for negotiating police pay and conditions were announced in the Commons yesterday. Mr. Robert Carr, Secretary, told MPs that membership of the review body would be announced soon...

All this was happening when a 10 per cent increase in crime, violence and disorder was adding to their burden. Mr. Whitlaw said an incoming Conservative Government would be prepared to spend more money on the police as a matter of priority...

of the Grunwick violence were brought into the revolution. Mr. Whitlaw said that if the Government acted with speed and determination and launched a "crusade against crime" they would gain the support of the Commons and country...

Give more aid to industrial town halls

BY STUART ALEXANDER

LOCAL AUTHORITIES have asked a special fund to be set up to give more help to value of "setting up" industrial planning applications should be given priority over others, says a joint circular from the Environment and Transport Departments...

Hill Samuel 'not to quit S. Africa'

By Michael Blandon

THE HILL SAMUEL merchant banking group has no intention of withdrawing from South Africa, Sir Kenneth Keith, the group's chairman, said yesterday. He told Hill Samuel's annual meeting in London that the business is carried on with South Africa as primarily in the interests of British exports...

Written Answers

TREASURY Mr. Michael Nohbert (Con. Romford). What amount of value added tax was contributed by foreign tourists visiting the U.K. in the 12 months to the most recent convenient date; and what percentage this represents of the total?

Mr. Robert Sheldon, Financial Secretary. On the basis of estimates of expenditure by all categories of overseas visitors—whether on holiday, business or study—the amount of VAT contributed by tourists, visiting the U.K. in 1976, is thought to be somewhere above £400m, representing about 2.6 per cent of the total VAT revenue...

Profits safeguards too weak, says Tory Peer

SAFEGUARDS FOR company profits proposed in the Price Commission Bill were less than under the present price code, the Earl of Mansfield (C.) claimed in the Lords yesterday. For the Government, Lord Oram, said the new safeguards would be investigated under the new Price Commission proposals...

BSC cash limit stays firm

THE GOVERNMENT left no doubt yesterday that it is standing by its £500m cash limit of £500m on the finances it will make available to the British Steel Corporation in the current year.

Mr. Leslie Hunklefield, Under-Secretary for Industry, made this clear in a Commons written answer. He said he would appeal from Mr. Douglas Hoyle (Lab., Nelson and Colne) for Government recognition of the critical position of the steel industry.

Premier backs defence policy

DEFENCE POLICY Mr. James Callaghan, Prime Minister, said that the Government's policy on defence was well understood. He said that the Government's policy on defence was well understood...

Banking policy

IT IS the Government's intention to implement the White Paper on banking policy by introducing legislation in the next Parliamentary session to provide for banking supervision, Mr. Denis Davies, Minister of State, Treasury, told the Commons yesterday.

Scrap industries form new national body

A NEW NATIONAL body called the British Reclamation Industries Confederation has been set up to represent major sectors of the growing business of material reclamation.

The four participants are the British Waste Paper Association, the British Scrap Federation, the Reclamation Association and the Midland Metal and Allied Trades Association. The president of the British Secondary Metals Association has been invited to join the new body to represent non-ferrous metals interests, and other associations are also approached.

£2.8m. plan for Bemrose plant

BEMROSE Corporation, the Derby-based packaging, printing and publishing group is to invest £2.8m. at Bemrose Flexibag Packaging in its Spondon, near Derby, subsidiary. The money will be spent on polyethylene extrusion, gravure printing and cylinder manufac-

Handwritten scribbles at the bottom of the page.

FINANCIAL TIMES SURVEY

Wednesday July 13 1977

هكذا من الأصل

Medium and Long-Term Finance

Company profits are now recovering strongly but real returns are still low by previous standards. Industry's demand for bank loans is beginning to pick up but still rather slowly. Some concern exists in the City about implications for monetary guidelines if there is a major demand for loans to finance sustained recovery in investment and stockbuilding.

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NEWS
Suppliers gain
Sea market
CORRESPONDENT
The Arab...
McAlpine...
At a...
Development
On the...
Beer prices
expected by
BY KENNETH GOODING
Give more aid
town halls are
BY STUART ALEXANDER
Scrap industrial
new national
2.8m. plan for B...

MEDIUM AND LONG TERM FINANCE II

Demand still slow to revive

A MAJOR recovery to the profits of industrial and commercial companies is now under way, yet real returns still remain low by historic standards and the underlying financial position of the company sector has not improved at all so far.

This in turn has raised questions about what will happen both to the financial position of companies and to the overall monetary guidelines when, and if, the economic recovery gathers momentum and the demand for finance increases. Many of the issues are also relevant to the current debate about both the level of profits and the provision of medium and long-term finance for industry—now under investigation by the Wilson Committee.

The starting point is the recovery in the gross trading profits of industrial and commercial companies of 26 per cent. last year. But even when the impact of inflation on the value of stocks is taken into account, there was a rise of 23 per cent, and the recovery has continued so far in 1977.

Gross trading profits of all companies, net of stock appreciation, rose by 7.7 per cent. between the last three months of 1976 and the first quarter of 1977. This represents a 30.8 per cent. rise above the corresponding period of 1976. The share of all companies' profits in total domestic income (that net of stock appreciation) has risen from 6.2 per cent. to 8.1 per cent. in the past two years.

A large part of this improvement results from a decline in the amount required from stock appreciation, especially in recent months, as well as from profits from North Sea oil operations. North Sea activities are now becoming an important influence on profits and the recent Bank of England Quarterly Bulletin estimated that about a fifth of the rise of just over a quarter in industrial and commercial companies' profits last year was attributable to a relatively small number of companies with interests in the

development of North Sea oil. In addition, profits from exporting have increased during the past year as companies have reacted to the fall in the pound by maintaining their prices in terms of foreign currencies, thus boosting margins. When both this and North Sea oil have been taken into account, a more depressed picture of profits from domestic activities is apparent.

Moreover, when capital consumption and the rapid rise in the written down value of companies' assets (at current prices) is also taken into account, the improvement in profits did no more than maintain the average rate of return, which has been depressed for several years.

Although the share of net profits in net domestic income improved during the course of last year—to the fourth quarter for the year as a whole the share was about 4.5 per cent., only slightly higher than the low of 4.2 per cent. in 1975. This is only about a third as large as in the mid-1960s with most of the corresponding rise elsewhere being pre-tax income from employment.

Pessimistic

The Bank of England has taken a pessimistic view both of the likely improvement in profitability in the immediate future and of the implications of a continuing low level of real returns for future investment and economic growth. The recent Quarterly Bulletin argued that while the profitability of U.K. industry should improve when faster economic expansion again proves possible, the cyclical rebound may be less pronounced than might normally be expected.

On this view, continued low profitability could seriously damage longer-run prospects. Already the rate of investment has been low in recent years, and a continuation of low rates of return, perhaps combined with a relatively high cost of capital could seriously discourage new investment. Without an

early move to higher profits, investment is therefore unlikely to be adequate to sustain a satisfactory rate of growth," according to the Bulletin.

This view, which is not surprisingly shared by the CBI, is regarded as too pessimistic by some commentators. They argue that the Bank exaggerated the recent squeeze on profitability and has also underestimated the extent of the recovery.

The other, more important, argument is about whether current returns are necessarily as low as the Bank suggests. On this view, real rates of return have been falling in all the main industrialised countries on a long-term secular trend, rather than just in this cycle—even though the U.K. may be a rather more extreme example than elsewhere. Moreover, given this long-term trend, the extent of the fall in profitability in the current recession is not surprising since this has been the longest and most severe economic downturn since the war.

This argument was discussed in detail in the February issue of the Midland Bank Review by a distinguished group of academic economists headed by Professor Robin Matthews. They concluded that "while profits were still undoubtedly low at the end of 1976, they were scarcely lower than was to be expected in view of the cyclically low level of output and the associated below-trend level of productivity. By the same token, the case for adjusting real wages so as to favour profits would have to be that it is desired to increase profits notwithstanding that output is planned to remain at a level that would normally cause them to be low."

Most analysts expect a large rise in nominal profits again this year. City stockbrokers Phillips and Drew, for example, project a 23.4bn. or 20 per cent. rise in U.K. trading profits (excluding North Sea oil) of industrial and commercial companies in 1977 and a 15 per cent. increase in 1978. North Sea oil profits are projected to increase from £400m. in 1976

to £1.9bn. this year and to £3.3bn. in 1978.

With income from abroad also rising sharply, the brokers estimate that total income will increase by £4.4bn. this year. They believe that this increase should more than offset a £500m. rise in profits due abroad (mainly North Sea) a £1.3bn. rise in spending on fixed investment and a £700m. turnaround on physical stocks, especially as the amount required for stock appreciation should be about £500m. lower.

Accordingly, the brokers estimate that industrial and commercial companies will have a financial surplus of £1.1bn. this year, rising to £1.6bn. in 1978. This follows a published deficit of just under £600m. last year, which was much worse than most analysts had been projecting.

In 1977, most of the projected £1.9bn. improvement in the financial position of industrial and commercial companies will come from the North Sea—around £1.5bn. net according to Phillips and Drew—with only a small turnaround from non-oil activities. The first quarter deficit of £528m. mainly reflects a sharp increase in the amount required to finance the rise in the level of physical stocks, some of which was involuntary

and so may be reversed later in the year.

Other brokers are much more cautious; Wood Mackenzie, for example, suggests that industry will only be in balance financially this year and will have a deficit of £1bn. in 1978 (compared with the deficit of £1.6bn. forecast by Phillips and Drew). Indeed Wood Mackenzie is concerned that the financial demands implied by a recovery in investment and stockbuilding could be significantly constrained by the overall monetary guidelines by the end of next year.

Other brokers are also worried about the implications of a reasonably sustained demand for bank advances by the private sector for the sterling M3 target. But views remain divided on this point and the more optimistic analysts point to the probability of a continuing high savings ratio and a large personal sector financial surplus.

Bank borrowing is certainly expected to finance a large part of any upturn with Wood Mackenzie projecting a rise in bank advances to industrial companies of £2.5bn. this year, roughly the same as in 1976. Phillips and Drew estimates

that the rise will be £1.7bn. but both brokers are agreed that companies will increase their deposits and cash holdings by a smaller amount than their borrowings. The rise in advances to industrial companies is likely to include a substantial element of borrowing in overseas currencies as a result of the change in the rules on the financing of third country trade in sterling announced last November.

Companies are expected to continue to raise sizeable amounts on the stock market, mainly via right issues, though this year possibly a slightly lower amount than in 1976. However, much of this money may be swallowed up in acquisitions.

Concern

All this is to look at the financial position of the corporate sector in overall terms; much of the current debate focuses on whether there are gaps in the provision of money for industry and, in particular, on whether City institutions are carrying out their task properly. There has been especial concern about whether sufficient long-term finance is available for companies, generally with-

INDUSTRIAL AND COMMERCIAL COMPANIES PROFITS

Table with 3 columns: Year, Gross trading profits, Stock appreciation, Capital consumption. Rows for 1974, 1975, 1976, 1977 1st, 2nd, 3rd, 4th quarters.

Source: Bank of England Q.B.

out public quotations, which are unable to raise equity capital. Concern about a possible gap here has been one of the main arguments in support of the Equity Bank though its activities so far have been very limited. Similarly, it is not clear how far the lack of any significant long-term corporate bond market in new issues in recent years has inhibited industrial expansion. The absence of these issues may be the unwillingness of nominal interest rate years or more. This so far suggests that rather more inhibitions about the effects of inflation and rate than by specific constraints.

Peter Economics Co

The institutions and their investment strategy

the pension and insurance funds. They are undoubtedly carrying for themselves an increasingly important place among the poolers, and as they do so the factors that push funds in their direction and the criteria on which they invest have become steadily more important. To the national economy.

In their evidence to the Wilson Committee the clearing banks noted that "the finance most suitable for transformation into long-term funds is primarily that held by life assurance companies and pension funds." It is in the nature of the life assurance and pension business that the investment chosen for to-day's premium payment must mature a long time in the future—in the case of the pension fund where the payout date is more predictable, the term of a fund's liabilities can be up to 50 years and its assets have to match this term.

The flow of investable funds into the insurance business and the pension funds has grown conspicuously and steadily during the seventies. In 1972 the flow was a net £2.6bn.; by 1976 it had swollen to close on £8bn. according to the Central Statistical Office. Of the latter figure the insurance sector could register net acquisition of assets of £2.8bn. last year whereas for the pension funds the corresponding figure was £3.13bn. These net increases compared with net inflow of sterling funds from the U.K. private sector into the British banks of £2.3bn.

The insurance companies point out, in their evidence to the Wilson Committee, that they have an important function

in encouraging the British citizen to save and thus to provide finance for the national investment. They say that whereas household saving as a percentage of Gross Domestic Product is low in the U.K. at just 4 per cent.—compared with West Germany's 8.6 per cent.—for insurance—contrasting with the through-life assurance is high, as a percentage of GDP, than in most other countries. The insurers are, in short, doing their bit for the accumulation of national wealth.

What is the insurance business doing with the money thus pooled? The aggregate figures show an impressive commitment to industry. Some £9.1bn. or 34 per cent. of the industry's total assets, are in the form of debentures, preference shares or ordinary shares, and according to evidence submitted by the industry to the committee, these are supplemented by an indeterminate quantity of industrial loans and mortgages. The insurance companies point out that though many of these securities have been purchased on the secondary market—the stock exchange for instance—and thus cannot be called direct investment in industry, the insurance companies' continued support of secondary markets is vital for industry's continuing ability to finance itself through issues on these markets.

The insurers elected to present these aggregate figures probably because their net investment in industry over the last two years has been less impressive. In 1976, for instance, the insurance industry invested just £378m. of its total inflow of £2.8bn. in company securities while steering no less than £1.83bn. into Government

securities. Given that the book value of the industry's accumulated holdings in Government securities at the end of 1975 was of the same order as that of equities, these figures do represent a clear abandoning of shares in favour of gilts.

Aggregate figures for the pension funds are not compiled by the CSO and, perhaps, because they are a more independent breed and less equipped to speak with one voice, they do not put their case in public to the Wilson Committee. Nevertheless the CSO figures for 1976 reveal that of the total net inflow of £13.13bn. into the pension funds, some £1.12bn. were invested in company securities (including unit trusts), which compared with the £1.17bn. channelled into gilts. Furthermore, exactly the same figure was invested in equities alone. These figures suggest that the pension funds have remained a prop for the markets in troubled times. Nevertheless they also imply a considerable percentage swing in the direction of gilts over the past two years.

Defence

The insurance companies claim that they hold a higher percentage of their total funds in equities and property than their counterparts in other countries. Their defence against criticism of their investment strategy is that they are primarily in business to provide insurance, rather than funds to any particular sector of the economy, and that they must invest in a way that will enable them to pay claims when claims are made. Nevertheless they also concede in their Wilson

evidence that they do de facto an important role for industry; they are considering steering insurance funds small companies. The pension fund overriding need is investments to keep inflation over the years in which they are on the employee's side. This consideration traditionally steers fund money into equities. Over the years they have kept a steady hand on the reins, but over the last two years they have failed to do this—partly because of a pension fund manager for high yielding, look beyond proper forms of appreciation like the works of commodities. In a demand restraint such can look more at equities.

No one can criticise pension fund management as a fund manager in what they say way to keep the charge equal to that which one day be them. Yet one Wilson Committee be to show up the private wealth is, increasingly into the pension funds, and building sole of individual or h. So those who trade have direct contact industrial borrower replaced by invest their own priority invest at arm's length.

Nicholas C

Williams & Glyn's believes that growth should solve problems not cause them

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State a major supplier

BRITAIN IS by no means the only Western nation where the Government provides various forms of financial assistance to industry. Attitudes to the market system, and to the Government's role in it, may differ but most Western Governments offer some kind of incentive to industrial investment. Most believe that they should try to promote economic development in their less favoured regions. Intervene selectively with a view to promoting industrial innovation or to create or preserve employment, or have their own State-owned industrial sector.

Indeed the role of financial assistance in industrial policy has assumed even more importance as tariff protection has diminished. It is seen as another way of advancing national interests, while still formally complying with the ground rules governing international trade. Likewise the scale of State assistance for industry has increased in response to the post-1973 recession. Precise international comparisons are not easy to make

as reliable and comprehensive figures indicating the scale of State aids to industry are very hard to come by. But the general impression is that Britain has become much more active than other countries in this area in the last decade or so. Certainly the lowest level of incentives available here appear to be significantly more generous than elsewhere in Western Europe.

In addition, the financial support provided for industrial innovation, the scale of selective assistance for industrial projects outside the "assisted regions," and the sums now being put into the preservation and creation of employment for counter-cyclical reasons all appear to be proportionately greater than on the Continent. Even so, industrial policy has not escaped unscathed from the Government's public spending cuts. This year ministers are hoping to spend about £3.5bn. (at 1976 survey prices) on financial assistance, subsidies and back-up services for indus-

try. This includes the sums being spent on industrial training and job creation. Another £1.4bn. will be going into the provision of loan capital and subsidies for the nationalised industries. In all, this is about 7.1 per cent. of total public expenditure, or about 31 per cent. of the Gross Domestic Product. This is somewhat less than two years ago. Industrial support, as a whole, then peaked out at about £4.5bn. a year (again taking 1976 survey prices)—£2.75bn. for the private sector and £1.75bn. for the nationalised sector—or about 31 per cent. of total public expenditure and just under 4 per cent. of the Gross Domestic Product.

Changes

The 13 per cent. reduction in real terms between 1975-76 and 1977-78 is the net outcome of several changes. The regional employment premium has been phased out. Rather less is now being spent in support of agricultural projects. The Board and the Welsh Development and directly by the Ministry under the 1972 Industry Act. On the whole the changes to be welcomed.

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Growing arm of the banks

WED suggestion by clearing banks that term lending in currencies other than sterling, mainly U.S. dollars. This has been made possible by the availability of funds through the markets in London, without the danger of restrictions under official credit controls and at interest rates which have generally been lower than the cost of sterling. For these reasons, this type of finance has proved attractive, though the possible dangers of the exchange risks involved if such finances are used for domestic purposes have been underscored by the effects of the last year's drop in the value of sterling.

TERM LENDING (£bn.)				
	1973	1974	1975	1976
November U.K. residents				
Sterling contractual loans including shipbuilding finance	1.7	2.0	2.7	3.2
Currency contractual loans	0.9	1.5	2.2	2.9
Total	2.6	3.5	4.9	6.2
Total lending to industry and trade	9.3	12.9	13.4	15.3
Percentage of contractual lending to total lending	26.8%	27.5%	36.7%	40.4%
Special export finance schemes	1.3	1.6	1.8	2.0

Source: Committee of London Clearing Bankers.

finance projects normally for up to 5 or 7 years and sometimes longer. Loans of this kind are provided on flexible repayment terms which can be adjusted to suit the needs of the borrower and often include a moratorium in the earlier stages of the agreement where the project being financed has a development phase during which it will not produce income. Rates can be linked either to the London interbank rate or to the bank's own base rate, usually adjusted at 6-month intervals, or less commonly the banks may provide a fixed rate loan.

Question The more significant development, however, and the area which raises the biggest question marks at present, has been the growth of medium-term finance in sterling by the banks. To some extent this has represented a conscious move by the banks themselves to encourage their borrowers to adopt what may be regarded as the most appropriate forms of finance for their purposes.

aim of the banks' activities in this area. The growth of medium-term lending, however, has also been a part of the general extension of the facilities offered by the big bank groups. These have been developed to include a wide range of services such as hire purchase, leasing and factoring to supplement the basic overdraft business of the banks. The change has been accompanied by an increasing move to provide supporting advisory services particularly for the smaller company sector.

Thinking At present the indications are that thinking is at a fairly early stage. Nevertheless, the banks said they would "continue to consider offering possible new forms of instrument for savers and depositors in order to increase their own capacity to provide industry with term finance." In particular, they mentioned, they would give "serious consideration to the possible development of floating rate notes as a complement to their existing range of term deposit facilities."

and the strategy new forum for debate

When the banker is offering to lend for a period rather than simply giving an overdraft against security, it is inevitable in any case that he should take a closer interest in the financial character and prospects of the

At the same time, however, the banks are starting to show signs of concern about how much further they can move in the direction of longer term credit. To some extent, the structure of the long-term loan business itself is helpful to the banks, as was pointed out by the Wilson Committee submission, "the annual repayments on the present portfolio of loans will be at a substantial level, thus providing a continuing contribution towards the advances for new projects coming forward."

MENT which has situation and, perhaps, concluding about the ing that there must be some- certain's worryingly thing fairly fundamentally amiss investment has now —and calling for radical remedy new forum — Sir —about a financing system —'s Committee on which allows it to arise. By institutions. —contrast, the City's own view is rather that the fault lies in the industry as its inadequate profitability of companies' operations, and so lack of attraction in new investment projects, as a result of the City's economic predicament and Government policies.

Finance Corporation for Industry (FCI), which lends medium-term, under a £1bn. facility, to larger concerns and has £241m. on loan to 40 companies. FCI, resubbed in 1973 to bring together its various present constituent parts, has placed a considerable accent on providing for needs not traditionally catered for elsewhere. Its FCI side, for instance, enlarged in 1975 (at a time of cash famine in industry unlike to-day's conditions) is ready to lend for periods up to 10-15 years. This considerably adds to what is available from the big banks which, even after their recent move into medium-term lending, still advance cash for no more than seven, or sometimes up to 10 years at the most. This leaves a gap between these shorter periods and the 20 years or so for which insurance and other institutions sometimes provide mortgage and other loans.

Lord Seeborn, the FFI chairman, has recently foreshadowed that FCI may start providing equity as well as loan capital, which would enable it to compete more closely with the State-backed National Enterprise Board as a financing institution for private sector companies. ICFC, for thirty years a prominent provider of equity and loan capital to smaller companies, has also shown adaptability by putting stress on backing for "little" concerns, and often supporting completely new ventures. In 1975-77 it approved 200 investments in the under-£35,000 category, the average being £17,000. Over the past 10 years it has put £16.5m. into 227 completely new ventures, of which 157 are still trading (123 of them flourishing), although 93 others have failed. FFI is one of the shareholders, along with a range of insurance institutions, pension funds, investment and unit trusts, in the new ECI, whose role is to channel equity capital to companies not readily able to raise it in the market.

Provision Meanwhile, two of the bodies backed by the main investing institutions are emphasising their provision of a more specialist back-up to the regular flow of finance for industry, and have lately both been explaining their services to the committee and reporting to their own shareholders. They are Finance for Industry (FFI) and Equity Capital for Industry (ECI). Finance for Industry (owned by the clearing banks and the Bank of England) embraces Industrial and Commercial Finance Corporation (ICFC) — with over £200m. invested in some 2,200 companies — and

Active ECI, at first a controversial project with the institutions, since there was considerable doubt about the existence of the gap it was designed to fill, has recently been active under its new chief executive, Mr. Alan Barrett. Launched with £41m. of paid-up capital it has as yet made only three investments, altogether worth some £5m. in Bond Worth Holdings, Renwick Group and UBM, the builders' merchanting group. It has now received over 100 applications, and is still looking at a third of these; it may well also announce more investments soon. The moves it has so far made have been characterised by close attention to management. Management and Board changes have accompanied its investments on two occasions. The evidence to the Wilson Committee by ECI, whose chairman is Lord Plowden, casts new light on its likely sphere of operations. Its probable catchment areas is seen as U.K. industrial companies with current market values of between £1m. and £20m., a category numbering about 1,000 concerns. The areas of likely investment are expected to fall into one of two broad categories. ECI has told the Wilson Committee that of these "the first category (which is likely to predominate) is of companies needing additional finance, which are already fully geared" [that is, at around the limits of their borrowing ability] "and presently have low profit margins."



te CONTINUED FROM PREVIOUS PAGE economic pricing instructed (and expects) to be used in the virtual absence of subsidies — rate of return of 6 per cent. no other transport less. Above all, the restoration of hole to aim at profitability in the nationalised st 51 per cent. of sector is an essential first step rements from its towards establishing a more cent. in 1975-77. The need for improvement in the Post Office, clear by the report of the rt Docks Board, clear by the report of the rporation — hope McLatosh Committee last year. self-financing this Likewise there is also something to be said for the attempt to drive for profit to adopt a more selective State sector approach to the provision of nic to see in com-State aids to industry.

really necessary or achieve what they are expected to achieve. There is some evidence to suggest that regional imbalances might have been greater in the absence of a regional development policy. But there is no evidence to suggest a causal link between industrial policy and economic growth. The danger is that once governments begin pursuing active intervention policies they become hostage to every major industrial casualty. Even worse, the conductor of industrial policy will be at the mercy of what ever political fashion happens to hold sway. The present Government decided to adopt a quasi-commercial set of criteria to govern the provision of selective assistance after the disasters of the workers' co-operative experiments in 1974 and 1975. But the greatest need, one would have thought, would be a series of studies of the results of past interventions with a view to establishing whether the objectives were achieved and, if not, why not, so as to illuminate the formulation of future policy. After all, governments like money everyone else have a learning curve.

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Obvious The change has obvious dangers and is not wholly welcomed by most businessmen, Commission has but selective schemes ought in of the State sec-principle. Certainly there was sufficiently well much evidence to suggest that off its capital REP was the least cost-effective for. It was in- mone regional policy. But one cannot help but won- the price code). Office telecom- spent on cash incentives — some business has been £1.3bn. this year alone — are

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NOWADAYS about half of the new instalment credit granted by finance houses is to corporate bodies, and in spite of the difficulties experienced recently in the wake of the secondary banking crisis the industry is a major and growing source of funds for industry.

This represents a considerable change from the pattern of finance house lending in the years after the war. In the 1950s most finance houses were primarily concerned with the provision of instalment credit provision of hire purchase finance, mainly on the hire purchase contract, to consumers. Their interests included particularly motor car hire purchase and credit sales for domestic durable goods.

Even at that stage, many companies had begun to develop industrial financing techniques particularly for commercial and agricultural vehicles but also for other specific items of plant and equipment. The provision of finance for ordinary working capital purposes was rare at that time, except in the special case of motor dealers where arrangements such as loans to support their stocks were made.

The most significant development of recent years, therefore, has been the extension of the activities of the finance houses into the industrial and commercial sectors. Their growth was encouraged by a number of factors, including the move by the big clearing banks into ownership of or participation in the finance house business in the late 1950s and the subsequent development of increasing competition for this type of business, and later the greatly increased availability of funds during the rapid expansion of the money markets up to 1973.

More recently the flow of funds through the money markets was interrupted as a result of the fringe bank crisis, causing serious funding problems for some finance houses and particularly those which did not have the backing of a big bank. But in its recently published evidence to the Wilson Committee the Finance Houses Association argued that these problems have now largely been overcome, and the finance houses remain a primary function of providing medium-term facilities to both industry and consumers.

In its Wilson submission, the FHA commented that many industrial and commercial companies, including at least 60 of the top 100, used the services of finance houses, and outlined the attractions which prompted companies to take advantage of the facilities available. The main reason was that "the facilities offered by finance houses are certain." Generally, the Association commented, "it is possible to obtain fixed-rate finance for a fixed period from a finance house."

Other advantages included the use of standard documentation, the absence of legal fees, and "the fact that by taking security in the equipment financed, the buyer's existing credit lines are disturbed less than if there were a charge over his assets (which other lenders might demand)."

An important advantage of instalment credit finance lies in the willingness of the finance houses to offer flexible repayment terms to suit the needs and cash flow patterns of individual customers. They may enable the borrower to pay on a seasonal basis if, for example, a farmer requires finance for equipment which will be used intensively and profitably only at one time of the year.

It is possible to arrange for payments to be skipped in certain months when equipment cannot be operated—for example, the winter period for contractors. Payments may be accelerated for a commercial vehicle operator to pay off the bulk of the debt in the early months of the agreement when maintenance costs on the vehicles are low, or decelerated where there is a period before a piece of new machinery begins to produce revenue.

The leasing business, however, has grown independently of the tax incentives involved which, as Mr. Stuart Errington, chairman of the Equipment Leasing Association, recently pointed out, have been changed at least 50 times in the past 17 years of the industry's expansion. Leasing, he insisted, would continue to grow "because the concept depends upon the lessor's ownership, not on any tax incentives in themselves."

Members of the ELA accounted for 8 per cent. of all purchases of new plant and equipment, which has been affected substantially in the past by changes in the tax system; but one factor in its growth has been the value of allowances to be passed to the lender—the finance house—which is in this case able to reflect this benefit in the charges made to the user of the equipment.

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innovation in the early 1960s, and while others including the banks have moved actively into this field the finance houses still undertook 30 per cent. of the total of finance leasing last year.

The main difference between instalment credit and leasing, which are effective alternatives for the finance of purchases of most types of fixed asset, lies in their tax implications. Under a hire purchase loan, the borrower finally owns the equipment being financed; and for tax purposes is treated as the owner from the start of the agreement. Under a leasing contract, though this may include an option to purchase at the end of the agreement, the equipment is owned by the lender.

The consequence is that hire purchase will often be attractive when the borrower has sufficient taxable profits to take advantage of the capital allowances given on investment in

pastures, but separately from his existing business. He therefore set up a separate company which owns a large warehouse and he is backing individuals or small companies which take space in his warehouse, basically giving them a year to prove themselves.

Start-up Among the few venture capitalists prepared to invest start-up or "seed" capital is the National Research Development Corporation (NRDC), the Government-sponsored organisation set up originally to exploit patents which emanated from Government departments and which principally aims to put money into technological projects. Another is the Industrial and Commercial Finance Corporation (ICFC), which invests in a broad range of activity, and its subsidiary, Technical Development Capital (TDC), which puts cash into situations based on advanced technology.

Apart from the NRDC, and TDC there is also very little interest among institutional venture capitalists to invest in high technology situations. Generally all others in the field will want to put their funds into the medium to low technology fields or into some general form of business which looks as though it has potential in a particular area.

Into this latter category fall companies such as Charterhouse Development, which is largely interested in ventures needing £100,000 or more (although it will consider a small investment as £50,000) and already earning pre-tax profits of at least £50,000. This company, the oldest venture capitalist in the U.K., has not been relatively quiet for some time, merely "servicing" existing investments, but has more recently been active in seeking new ventures.

Another company is Gresham Trust, which will consider quite small investments—around £20,000 to £50,000—although it prefers to put up larger sums. Another merchant bank venture capitalist is Hambros Bank, which operates in a rather untypical fashion, in that it organises and manages investments rather than putting up cash itself. The money comes from a syndicate of pension funds. Yet another unusual type of venture capitalist is the Small Business Capital Fund, which invests money put up by the Co-operative Insurance Society, and which is managed by industrialists rather than bankers.

One of the difficulties which venture capitalists always have to face is that their potential customers will often be entrepreneurs who are rather averse to some of the conditions attached to any investment in their company. Most venture capitalists will want a sizeable one. For example, the case of a very high risk investment, high risk investment, TDC will insist upon a 40 per cent. equity stake, a 40 per cent. equity stake, a 40 per cent. equity stake, a 40 per cent. equity stake.

At the same time the criteria for a public flotation, though certainly companies must be making much profits these days to get go-ahead for a Stock Exchange flotation—so the time between investment and exit of a capital gain is extending. Without an active market, it seems unlikely that venture capitalists will be able to maintain any great interest in business unless another emerges.

Issue market quiet So far 1977 has been a comparatively quiet period, however, but although the stock market has been firm for most of the time since last January only about £400m. has been raised by companies so far. The past couple of years can be seen essentially as a period in which many companies took advantage of the opportunity to repair balance sheets ravaged by inflation. In 1974 many companies had been caught in the middle of a financial crisis which left the industrial and commercial company sector with a financial deficit of over £3bn. at a time when they were being crowded out of the long-term capital market by the Government.

Their immediate action was generally to cut back sharply on stock levels and capital spending, allowing some reduction of debt. Their next move, in many cases, was an approach to shareholders for fresh equity capital. Decisions were sometimes encouraged by the scope for the above-average dividend increases which the Treasury allows when fresh capital is being raised.

But the rush is over. Higher profits and generous tax concessions have enabled many companies to improve their balance sheets out of cash flow, while in the depressed state of the economy there has been little call for finance for higher capital spending.

Equity rights issues have by no means always been the most common method of fund-raising by companies on the stock market, and the pattern is likely to shift again if inflation and interest rates ease in future. As recently as 1972 industrial companies raised nearly half of their new capital in the form of fixed interest loan or preference capital, but recently the equity proportion has risen to over 85 per cent. The reason is that once long-term interest rates rise much above 10 per cent. companies find it almost impossible to compete with the Government in issuing bonds. There is too much of a risk that inflation will slow down, sharply increasing the real cost of the debt. Companies cannot even tend to go to shareholders

Sources of venture capital

BECAUSE OF the recession and the general lack of incentives for the small entrepreneur the level of activity in one important sector of the medium- and long-term capital market—venture capital—has been around zero among many venture capitalists and at an extremely low ebb among others.

In recent months, however, the Government's attitude towards small companies has undergone a steady and noticeable change. It now seems more prepared to recognise that small firms, and individuals who want to start out on their own, can play a valuable part in the economy, both as generators of business and as employers.

This new approach, plus indications of an upturn in the general economy, seem to have led to a small, but recognisable, upturn in the number of individuals and companies seeking venture capital. This interest does not seem to have been translated as yet into any great quantity of fresh venture capital being invested, but there are signs that this may occur in the near future.

The importance of venture capital is often underestimated. But then, this is not so very surprising when one thinks of how

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Another problem is that companies cannot be sure of a healthy state at the particular time at which they need the money—in 1974, for example. So they tend to go to shareholders

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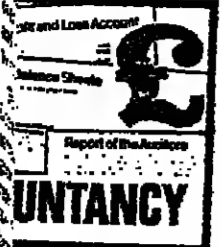
accounting has been thrown back... The group's current cost accounting proposals, contained in exposure drafts killed by ballot a week ago at a meeting of English chartered accountants...

again at the end of the month. When the Government-appointed Sandilands Committee reported in September 1975, it envisaged that CCA should be introduced in 1978. Now it is doubtful if an acceptable standard can take effect before the early 1980s.

ED 18 was too complicated. It proposed a revolutionary change when valuation was called for, the whole system lacked a concept of purpose because of its failure to deal with monetary items, directed merely to the mere calculation of results, some aspects appeared to be unsound, and the timetable for implementation was inappropriate.

on the three essential aspects of current cost accounting—fixed assets, stocks and monetary items—might not have proved so difficult to digest. This view is held, in particular, by the London District Society of the English Institute of Chartered Accountants.

monetary assets and liabilities—probably the greatest cause of intellectual controversy in the whole debate. Prof. Walter Reid of the London Business School is a prominent member of the London group and was also a member of the Sandilands Committee. He argues below that a practical method of CCA is now within our grasp.



OF the past two years highlighted the reality of the inflation account. During the period recent opinions have been expressed. On the one hand, the Institute of Accountants in Wales have passed a majority resolution not to wish any system of current cost accounting compulsory.

replacements occurred background of two proposals: the Sandilands recommendations for the current cost standard which was developed and extended in the Sandilands Committee, and ED 18, which have been severely criticised as too quickly and too great a measure to directors in the figures to be accounts.

adilands proposals are a wide ranging inflationary times. It has also been the needs of users come clear that decisions must be made about the degree of accuracy to be sought in Government, business, and individual accounts, struck between objectivity and need for further relevance, and the level of cost being given to which it is reasonable to incur the cost of monetary in preparing accounts.

Picking up the pieces of CCA

items—loans, creditors, debtors and cash. So what does the accountants' take signify? Where do we go from here? Undoubtedly some of the support for the current cost accounting resolution is a resolved they are confident that sufficient progress has been made to support the issue of a simple current cost accounting standard along the lines recommended in the Sandilands report.



Professor Walter Reid

Objectivity Discussions about inflation accounting have drawn attention to the need to clarify, and if necessary redefine, the capital and profit concepts which are most appropriate in inflationary times. It has also been clear that decisions must be made about the degree of accuracy to be sought in Government, business, and individual accounts, struck between objectivity and need for further relevance, and the level of cost being given to which it is reasonable to incur the cost of monetary in preparing accounts.

ment, and by allowing a taxable deduction in relation to the increased investment of £2,000 in stock they avoid taxing the basic capital of the business. Making adjustments of the kind shown does not institutionalise inflation in any way, as has been suggested by some critics. The accounts merely carry out their function of reflecting in money terms the position of the business.

The discretionary element in part of the fixed assets or unrealised stock revaluation reserve shown in the balance sheet. Where such reserves have increased in the year they will automatically reduce the gearing ratio. If directors believe that gearing should be further reduced they must make retentions.

A fuller description of this approach to monetary liabilities is contained in the submission by the London District Society of Chartered Accountants to the Morpeth Committee. b) monetary assets. The problem of dealing with monetary assets in the CCA system is to identify the extent to which they are being eroded in inflationary conditions. It is too simple an approach to say "when in doubt adjust by the RPI." For example, let us assume that an investment company sells investments in anticipation of a fall in prices and holds cash. It could happen that the share price index falls by 20 per cent, and the RPI goes up by 15 per cent. It would then be difficult to say that the company has made a 15 per cent purchasing power loss.

and directors will be able to arrive at satisfactory solutions in the interim period—even if this is done simply by retaining historical cost figures. In most cases the "difficult" assets, including old assets and those subject to unusual technological change, will be a small proportion of the total; and where a significant element of judgment is involved, the valuation approach used can be set out clearly in notes to the accounts. As for the majority of assets, the primary issue concerns the degree of accuracy which should be sought. Valuation of individual items of fixed assets and stock will, in many cases, impose an unacceptable and unnecessary burden. The relevant question then becomes whether the margin of error, when relative to the total value of assets, will be significant if fixed assets and stock are grouped into three or four major categories and their historical cost is adjusted using price indices which relate to the specific assets held. There is significant evidence from the companies which have already adopted this approach that it is adequate for the vast majority of assets. The safeguard that assets should be disclosed at the lower of a) current cost or b) the higher of net realisable value or recoverable amount, still operates to prevent indexation leading to unrealistically high figures.

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BUSINESS PROBLEM

BY OUR LEGAL STAFF

For many years I have received a capital allowance for my car, which is necessary to me in my profession, one-eighth being deducted for private use. In September, 1975, I sold my BMW 525 and bought a new Bristol saloon at a price of £13,500. The revenue queried the purchase on the grounds that they contended that the car had not been purchased out of regard, in part at least, of consideration of my own personal choice and not the requirements of the business. They suggested a disallowance of 50 per cent in respect of personal choice. The point at issue is the one of "personal choice." Before I bought the Bristol I inquired of the Revenue whether I would receive capital allowances in excess of the standard £1,000 per annum should the car be sold and should a greater loss. I was assured that this would be the case and, moreover, they forwarded to me booklet CAL, which makes no reference whatsoever to the doctrine of "personal choice." What, please, do you advise? The problem would not arise if there were no private use of the car. Where a car, etc. is used partly for private purposes, paragraph 5 of schedule 8 to the Finance Act 1971 says that capital allowances are to be restricted "as may be just and reasonable having regard to all the relevant circumstances." One of the relevant circumstances is undoubtedly the question whether the contemplated private use influenced the choice of a more expensive car than would have been purchased for business use exclusively. If you can satisfy the inspector (or the appeal commissioners) that a car of the same quality would have been purchased if you had had no intention of ever using it privately, then it would be reasonable and just to apportion the capital allowances solely by reference to the distance travelled on business and private journeys. Your best hope of progress probably lies in making an appointment for a chat with the tax-inspector. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be considered by post as soon as possible.

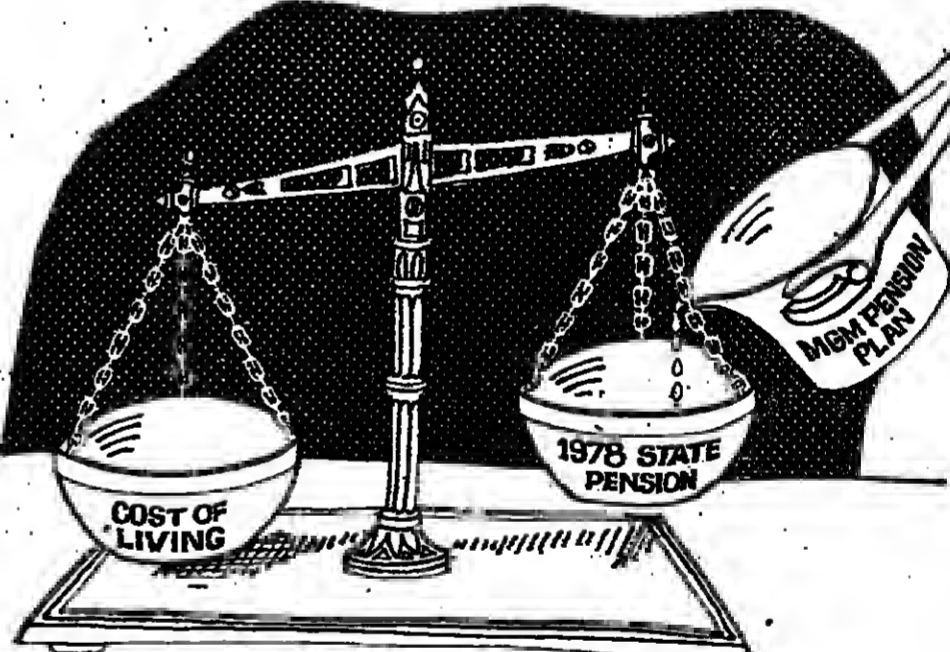
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Average ratio

This approach to the measurement of profit is intended to reflect the average ratio of debt to equity in the year and assumes that it will be maintained by the "going concern business." If the paint company distributes the balance of the £3,600 left after paying tax, it will be as well off (as a current value for assets) at the end of the year as it was at the beginning—in terms of its operating assets, measured at closing prices. A similar writing-back of a proportion of the charge for extra depreciation would have been appropriate had the company held depreciable assets. Since the adjustment relates to the current cost deductions in the profit and loss account, no credit will be taken for any company accounts, auditors possible.

Valuation rules

The final point of criticism of CCA relates to the difficulty of establishing historical cost accounts to allow for price changes. The CCA approach proposed by the Sandilands Committee, with the addition of a simple monetary items adjustment, appears to ensure that users are presented with relevant information. If users' needs are to be of primary concern, the accounting profession should, without further delay, issue a simple CCA exposure draft to be implemented as soon as possible.



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David Wainman interviews the Labour, Tory and Liberal taxation spokesmen and finds some surprise

Overlap of party opinions on tax reform

HOW SATISFACTORY is our present system of personal taxation? If there are shortcomings, what changes would you like to see? Discussion of these questions with the three Members of Parliament who speak for Labour, Liberals and Conservatives on taxation matters, perhaps surprisingly, produced a fair overlap of opinions.

Taxation policy in a medium to long term context is often difficult to discern. Budget changes tend to be proposed chiefly for purposes of short term management of the economy; opposition appears frequently to be grounded in no better rationale than the hell of it. Promising tax reductions is conventionally seen as a siren song certain to attract voters. But voters are becoming more discriminating; they prefer politicians to have policies rather than songs.

Mr. Joel Barnett is Chief Secretary to the Treasury. One of the major functions of that office is control of government expenditure estimates and output, but he has not allowed this to interfere with his active interest in tax.

The main defect of personal taxes according to Mr. Barnett lies not in their structure, but in their profile. The curve is too steep at both the bottom and the top. At bottom, a man crossing the tax threshold finds his marginal tax rate leaps from zero to 35 per cent—much too violent a first step in the dance. At the top of the scale, the rates are simply too high. Altering the profile will not make taxes simpler. The particular alterations or permutations, to achieve Mr. Barnett's objective for those at the threshold of tax, would almost certainly mean a re-introduction of reduced rate bands. It would also necessitate alteration of the threshold itself and of the standard and higher rates and their income bands.

He is therefore clear that the change must await an occasion when the Chancellor has available a massive amount to give away in personal tax reliefs, although some contribution may be found from what he sees as a further necessary shift from direct to indirect taxation.

Complexity is not a factor which worries Mr. Barnett. He accepts that few taxpayers understand the impact of tax sufficiently well to be able to say what their marginal rate is. Most tend wildly to overstate it. Many, if not most, think of their earnings in terms of take-home pay, regarding tax as something which their employer must look after—and look after in such a way that the pay packet is adequately filled. Mr. Barnett's search for the "fair" profile of tax is altruistic: taper the taxes for the good of those at the bottom end, even though those who profit may not always understand.

This leads to a series of wider questions about taxes. To what extent do high tax rates act as a disincentive? If those rates are recognised as in part redistributive, is the "fairer" society in which incomes are redistributed likely to alter anyone's motivations, whether the "social wage" provided for them out of taxes is greater or less than their own tax payments? Mr. Barnett answers both questions generally in the negative. High tax rates are not in his view likely to make the young executive work less hard. They may discourage mobility; he high ideals with which they had may not be tempted to move how they will cut expenditure allowances and cash family allowances. We therefore have as a subject outside the scope of this article. A part, but far from the whole, of the change in seen as a shift from direct to indirect taxation—an echo of Mr. Barnett's views on the present imbalance.

Cuts are not the whole of Conservative tax policy, but they are the most immediate, dramatic and easily stated part of it. The remainder can be summarised by the word "gradualism." When they last were in a position to frame tax legislation, the high ideals with which they had equipped themselves included combined effect of child tax allowances and cash family allowances. We therefore have as a subject outside the scope of this article. A part, but far from the whole, of the change in seen as a shift from direct to indirect taxation—an echo of Mr. Barnett's views on the present imbalance.

Mr. Howell is keen to sort out what he regards as a particular nonsense in child benefits, but otherwise he recognises that further steps towards a system of tax credits are bound to be gradual and spread over the life of at least one Parliament. He sees the gravest defects of the tax system being mitigated, if not entirely solved, by rate

enough for me." (He produced this quotation on the morning after two successive all-night sittings. The preceding sentence is "The night is dark and I am far from home.") This is unfair in the existing 75 per band the marginal rate reduce abruptly to 50 per cent. A rather more radical was in view.

Mr. Pardoos wishes to see the relief for the man at the full sharp end of exporting as exact opposite of Conservative and philosophy. Were tax rates not as high as they are, there would be no problem, and no need to try to solve it by the customary method—of throwing money at it. Secondly, tax is not the gross imbalance between direct and indirect taxation, but the increase of expenditure VAT is not at present on food, housing and transport (except for the home petrol). They should remain outside and no rise of VAT in produce anything at the required sit revenue.

The answer from Mr. is a massive switch to taxes. He points out disparity between our security contributions of many European countries as great as the difference between our direct and tax burdens. This is a major cause of practical distortions which costs are compared. A yield of personal income would also enable Mr. to reduce in number, h same time extend the reliefs from tax. I owners at present get interest relief, while tenants get rent or rate why not have a dil housing credit? (Yes, Tax credits, as an early have not been dropped Liberal policy, in spite mauling given to the id. Revenue-Social Security party. "Those boys problem for every 1. Mr. Pardoos says.)

Lower tax rates an credits would enable move at least part of towards self assessment essential feature of L2 posals for a local inc part of devolution. He to reduce from 44 to means tested, Social policies; not total a but more than mig been expected, and a consensus behind the the best taxes we can the present ones. We too many brand new the past 12 years. policies need to be j their proper context, party in power, or sl and subject to all the policies. Mr. Pardoos's shorthand way of describing the extent of his tax cutting proposals was his stated goals.

Spain's good intentions

THE NEWLY elected Government of Sr. Adolfo Suarez has announced a courageous attempt to tackle Spain's pressing economic and social problems. With unemployment at six per cent, inflation threatening to reach 30 per cent by the end of the year and the balance of payments deficit soaring, it has long been clear that the new Government would have to act quickly and decisively on the economic front as soon as last month's elections were safely over. But Sr. Suarez has also chosen to reach beyond the immediate economic crisis and confront the country's rich, powerful and conservative classes with tax reform plans that could lead to a major redistribution of the nation's wealth.

Devaluation

For the moment, the Government's statement remains largely one of good intentions. Apart from the devaluation of the peseta, few concrete measures have been announced, and if Sr. Suarez's general aims are now clear, the precise ways in which he plans to achieve them are not. Nevertheless, the first outline of the Government's plans looks fairly well in line with the OECD's recommendations on the Spanish economy, coincidentally also published yesterday. Depreciation of the peseta, tax reforms, restriction of the money supply and liberalisation of interest rates all figure both in the OECD report and in the Government's statement.

A peseta devaluation soon after the election had been widely expected. Indeed the expectation may itself have forced the Government to act rather more quickly than it would have liked, as there were good arguments for waiting a little longer. Foreign currency receipts from tourism, now entering its peak season, would very probably have been higher if the peseta's value could have been maintained until the autumn. Equally, with Spanish industry approaching its annual shut-down period for the holidays, the impact of cheaper prices on exports is likely to be delayed until September or October.

Further measures to boost exports will in any case almost certainly be needed if devaluation is to have the desired effect on the trade deficit.

The size of the devaluation is also going to make the Government's efforts to curb inflation that much harder. The OECD is right to warn of the danger of a depreciation/inflation spiral if the impact on domestic prices cannot be neutralised by strict monetary policies. Apart from signalling its general intention of restraining the growth in money supply and shifting the burden of taxation from indirect to direct taxes, the Government has so far announced no specific measures aimed at keeping prices down.

Sr. Suarez's hope, of course, is that his "soak the rich" fiscal policies, combined with relief for the poorest and higher unemployment benefits, will help to persuade the trade unions to play their part by moderating wage demands. Certainly tax reform has been one of the unions' major public demands. But the unions have not been showing great enthusiasm for co-operating with the Government, particularly as they claim that full trade union freedoms have not yet been restored, and will in any case first want to see that the new tax policies are being effectively applied.

Credentials

It is far too early to tell whether Sr. Suarez's immediate programme will succeed, still less whether he will manage to restructure Spanish industry to the point where it can compete effectively inside the Common Market. Yesterday's statement confirmed that an entry application will soon be lodged in Brussels. Now that Spain has the political qualifications for membership the pace of the country's integration into Western Europe will depend heavily on its success in establishing economic credentials. Sr. Suarez chose quite deliberately to tackle the political problem first. But continuing political stability will only be fully assured once he has solved the economic problem too.

The hard case of picketing law

REFORM OF the law on picketing is easier to propose than it is to carry out. The Government is no doubt aware of this, in spite of the statement made by the Secretary of State for Employment, Mr. Albert Booth, in the Commons yesterday in the effect that he will start consulting interested parties to see what improvements can be made in what is by common consent an extremely difficult branch of the law.

Whether these consultations will have much practical effect is open to doubt. Mr. Booth's statement, like the Prime Minister's subsequent plea to both sides in the Grunwick dispute to "draw back" so that yesterday's High Court verdict on one of the matters at issue could be accepted, was essentially part of a concerted Government effort to calm everyone down following the disturbing scenes at the mass picket in Willesden, North London, on Monday.

Persuasion

From the Government's point of view, keeping the peace is of paramount importance (and from the Labour Party's point of view getting this issue out of the way as quickly as possible is of at least equal importance), so it is perhaps understandable that Mr. Callaghan should have taken the curious step of appearing to ask one party to a legal dispute—Mr. George Ward, chairman of Grunwick—to relinquish his legal right to appeal against the verdict, which upheld a decision by the Arbitration Service that his company should recognise the trade union, APEX.

In spite of this background, Mr. Booth's call should be taken as a serious one. At present pickets enjoy a right of peaceful persuasion, but they are frustrated by the people whom they wish to persuade are driven through factory gates in buses for how long.

MEN AND MATTERS

Deutschland uber NATO?

At the meeting of NATO Defence Ministers in Brussels in May, Georg Leber, the West German Minister, somewhat shocked his audience by producing figures showing that NATO command posts and so did the British. But the Gazettes held only top. The situation was no better, he went on, if one counted the number of stars. The ten German Generals had only 24 stars between them. The Americans had 73 and the British 66. A few days later the Military Affairs Correspondent of the Frankfurter Allgemeine followed up with a long article headed: "NATO is still an Anglo-American club."

Was this a German bid to take over the Alliance? Not at all, said the British, who denied that Herr Leber had ever even made his remarks. Not at all, said the Germans: "If we have any criticism of the distribution of the command posts, it is certainly not directed at the Americans."

Two months later, German persistence has paid off. A new Deputy Supreme Commander of Allied Forces, Europe is to be created and he is to be a German. Other German postings are apparently on the way and unless the British are particularly lavish with their stars, the Anglo-German gap will be at least partially closed.

The hectoring for the new Deputy SACEUR is on Lieutenant-General Gard Schmucke, at present Director of NATO's International Military Staff in Brussels. Two possible disqualifications, however, have first to be overcome. Schmucke has only three stars, though that can easily be changed. He was also once the official spokesman for the West German Defence Ministry under a Christian Democrat Government. One of

Delving into SIFAM

"Suffice it to say I went off to Torquay for the Grand Tour, to see what goes on behind the dial, to witness the birth of a knob, to delve indeed into wholly uncharted waters."

With these words William Rushton, bizarre and poorly prophetic of the English absurd, describes his Odyssey to the depths of glorious Devon in search of the truth behind SIFAM.

Why did he bother, you may 1927, used to be the British



"If only George Ward and Arthur Scargill would follow his example!"

Forearmed

What diplomatic correspondents describe as "a usually reliable source" reports sighting the following combination on a Circle Line train: a young man with a squash racquet in one hand and a bottle labelled "acrylic resin for shell closures" in the other. Is that sporting?

Ouch!

Our occasional Home Counties informant reports the following sign stuck on the badly dented boot of a Mercedes parked in Basingstoke: "Please do not touch. It still hurts."

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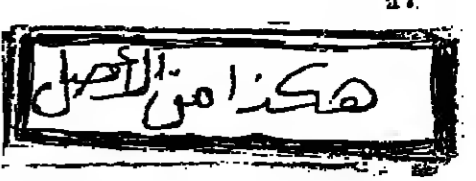
agent for the French company that name before high tariffs knocked the bottom out of the company's exports to the U.K. and McKenzie pere set up on his own.

The original French company has sunk into oblivion, as have many of SIFAM's former competitors, leaving the Torquay company to carry on producing its dials, coils and meters, of which it sells some £2m. worth annually. McKenzie estimates that around 85 per cent of output is exported indirectly through incorporation in engineering and scientific equipment and 20 per cent is exported directly.

As to what it is all used for Rushton waxed lyrical and listed measurement of:

The explosive content of air, The freezing point of cod, The steam in vintage steam powered cars, Occasional acts of God, The growth of Christmas puddings, Or simple miles per hour.

But I think there might be a small degree of poetic licence involved in his by no means exhaustive inventory.



A bid for economic regeneration

NISH programme of twice during this period did the banks, which have such a dominant role in the economy, controlling directly or indirectly perhaps 40 per cent of industry, are not beyond playing the same game. Now the Government says that it is taking powers to inspect personnel and company bank accounts, a bombshell in the Spanish context. It is also to introduce a Wealth Tax that will cause almost as many squeals if it is firmly imposed. Further unspecified taxes of a similar nature are also apparently in the pipeline. Meanwhile a moratorium for the lodging of income statements for last year with the Ministry of Finance has been declared to allow the Government to get its tax collection system geared up for its new role. Tax collection is also to be backed up by fresh legislation to punish those caught trying to evade their taxes including the possibility of prison sentences. This is the real blow to many people, and is the first time such a provision has existed in Spain for 40 years.

Since 1974, Spain's current account deficit every year has been above \$3bn, topping \$4bn last year, and threatening to reach \$5bn in 1977. Inflation climbed almost as steeply. In the first four months of this year it has been running at an annual rate of 27 per cent, well over double that of the country's main trading partners. For political reasons, neither the final administration of General Franco nor the first two Governments of King Juan Carlos felt capable of coming to grips with the immediate problem, let alone of tackling the profound structural problems that would have to be solved if a lasting recovery was to be achieved.

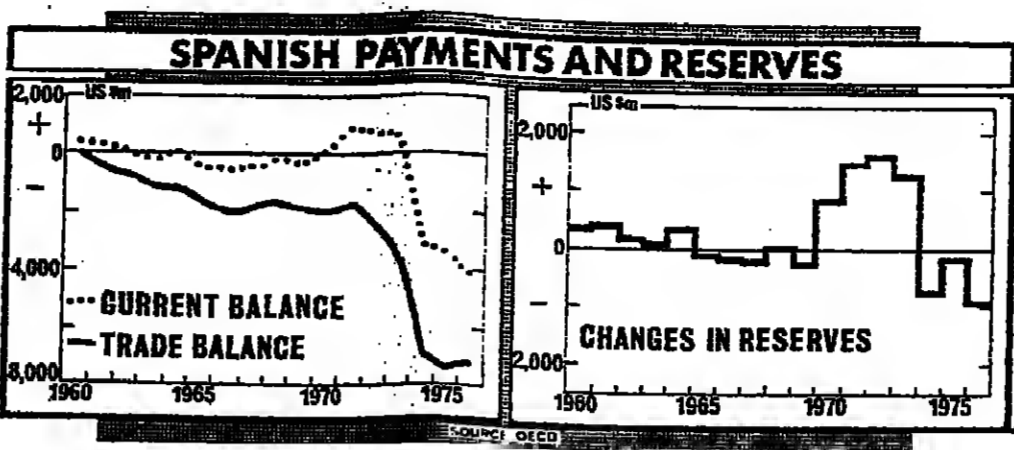
That is what the Government is now proposing. Although its programme has so far only been sketched, it is clear that it wants to introduce new criteria for industry based on competitiveness and profitability, while simultaneously switching the burden of taxation towards the better off and adding additional protection to the lower income groups.

Tax evasion

A key element is that of fiscal reform. Tax evasion is a major problem, and the Government is proposing to create a flood of company tax investigations. At the same time there are two other proposals which will have an important effect on profitable commercial activities banking and industry. First, in Spain, if, as the administra-

tion is also believed to be planning, a limited number of foreign banks are shortly allowed to operate full banking services in Spain for the first time since the civil war, then the anger of the more conservative of the domestic banks will mount even more. Shifting of the tax burden more towards direct taxation some scope for reducing indirect taxes, thereby checking the increase of consumer prices. But the other side of the coin is that the Cabinet will have to find means of halting the almost runaway increase of wages and salaries. In many industrial sectors, they rose by nearly 30 per cent last year.

The substantial devaluation of the peseta eventually must push up domestic prices. It will be essential for the Government to persuade the unions that any measures of fiscal reform will normally have an effect before it can have any chance of achieving an agreed limit on wages increases. Early efforts to try to placate the unions have already come with the announcement of an increase in



18 per cent, but with the Government keeping a careful eye on the effects of this policy. Before the general election the previous government, also headed by Sr. Adolfo Suarez, had rather recklessly allowed the money supply to increase in order to avoid social tensions. Some indication of the expected impact of all these measures, at least on the wealthier Spaniards, was given by the confirmation yesterday morning that exceptionally tight precautions had been taken at all exit points from the country to prevent currency smuggling. Since the death of General Franco at the end of 1975 the amount of cash leaving the country has been a persistent cause of concern to the Bank of Spain. It is expected that there will be even more determined attempts to take out pesetas before the new tax collection machinery swings into action.

However, as always, there is a substantial gulf to be bridged between intention and achievement. The Government's proposals, although radical in the Spanish context of the past 40 years, still leave a large number of questions unanswered and there is still no real indication of how the balance of payments is to be brought back to anything like equilibrium, or how prices are to be brought under control. Unfortunately democracy has been presented to the Spanish people as a panacea for all ills, and they will be expecting swift results.

But the country has been living substantially above its means for the past three years and has to pay a price that will tax the skill of its politicians not only in taking the corrective measures but also in undertaking a profound restructuring of the economy. Unless these two tasks can be handled together, democracy will be one of the first victims. What cannot be denied is the political courage of the Government's statement of economic intent and its apparent willingness to take on the traditionalists in much the same way in which Senor Suarez took them on in the political sphere — and routed them.

Necessary risk

Professor Fuentes Quintana, the Deputy Prime Minister in charge of economic affairs, and his main executive assistant, Senor Fernandez Ordones, the Minister of Finance, must presumably be considered that the risk of dealing a really damaging blow to an already very low level of business confidence had to be taken as early as possible in the life of the new Government. They certainly run the danger of the "non-co-operation" from some of the powerful industrial and banking empires which could yet force the authorities to modify their proposals. But the measures are assured of strong political support within the new



Air contract

A. W. Samuelson. Unfair Contract. I was described by a member of the House of Commons as a "revolution in the contract." I venture to refer to the Bill as a "revolution in the contract." The Bill contains no more revolutionary subsequently added to the original Bill. I speak in a very limited dimension of concept of legal liability test. The provision takes the additional subsection facts can obtain over an unreasonable term, whereas the other party, while also able to obtain a restriction on liability, is restricted to a specified sum of Court, in deciding restriction is reasonable shall have particular regard to the resources could expect to be available for the purpose of the liability. (b) how far it was to cover himself by the new subsection moved from the benches by Lord who was seeking in a personal position. The advantage of the new procedure and point of some perhaps negligence (which is an omission of his own) finds himself liable for a large sum of money if by insurance, and into bankruptcy as a case of the engineer a bridge which falls losses running of pounds was given.

Let us see just what the broad overall picture looks like so that the "Triumvirate" can agree where special effort should be made in priming our major exporting strength while reducing the need for so many expensive imports. The need for strategic staff of which so many business colleges are made — rather than a quest for protectionist measures to assist our economy.

Trustee savings banks

From Mr. David Morgan. Sir, Now that the Trustee Savings Banks have joined the "Big League" it is to be hoped they will have the decency to lose some of the advantages they seem to have over the clearing banks with whom they are in direct competition. These are (possibly there are others): 1. A positive advantage with credit interest which has been tax free for the first £25, and which they are not bound to denote under the Taxes Management Act 1970, Section 17. 2. Unusual banking hours. Presumably one can look to the National Union of Bank Employees to sort this one out in due course. Staff costs must be higher otherwise... 3. Often a monopoly from large firms with Employee Savings schemes. The large firms in contact with the former Birmingham Municipal Bank (now a fully fledged TSB) have always declined to pay Savings deductions from wages and salaries to clearing banks, claiming the system would not permit any variation, which of course is rubbish. 4. House mortgage schemes available to customers of clearing banks. It is almost the same sort of situation that you find in any large street. "We only have one newsagent — one more won't do any harm." Not that it, with two of them go out of business!

Imports and exports

From the Divisional General Manager, TBA Industrial Products. Sir, As part of its continued existence the efficient business enterprise must always be engaged in corporate planning in order to determine clearly forward objectives and targets and the means of implementing them. One great problem which today confronts the U.K. "Triumvirate" of Government, CBI, and TUC is their inability, both separately and collectively, to draw up a realistic long-term plan for the successful management of the U.K. economy. A major feature of this national problem is our collective inability to establish a clear forward plan for programming our future "business mix" and hence "product mix" which will minimise our massive imports of raw materials, manufactured goods, and foodstuffs while optimising our exports of manufactures which fully exploit in the

Letters to the Editor

most advantageous manner our major skills and strengths, as a manufacturing nation while also reducing as far as possible the need to import basic materials.

A primary step, it seems to me, in this exercise would be to publish alongside your "Top Hundred Exporters" league (July 5) an equivalent "Top Hundred Importers" league. The purpose is not to stimulate a party of protectionist slogans but rather to highlight in just which areas we import materials or goods to the detriment of our balance of payments. Finally, I would suggest that your export and import leagues should be broken down into three main areas — raw materials, manufactured goods, and foodstuffs; perhaps also "services," as well as the proportion of total imports/exports the top hundred companies in each case represent.

Airline booking

From a Director of Laurence Hanson Associates. Sir, Trans World Airlines' proposed response to the introduction of the Laker Skytrain ("Meeting the Skytrain") by allocating seats on scheduled flights for sale at Skytrain prices and conditions will no doubt be matched by British Airways and Pan American. Two consequences are predictable: a further dilution of the airlines' revenue and a significant increase in "no-shows" — seats booked but neither used nor cancelled — as travellers insure against failure to obtain a low fare seat.

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Legal Services Commission

From Mr. W. P. W. Elwell. Sir, May I with respect point out the flaw in the argument put forward by Sir Henry Benson in his letter to you published on July 6. Of course it is inevitable that members of the Commission should include members with knowledge and experience of matters within its remit. Of course it follows that some members of the Commission will belong to organisations who have evidence to submit. This is, however, quite a different matter from being on the Commission not just members of those organisations, but directors and persons in authority in those organisations. It is to say persons who on the principle of a collective responsibility of directors, are responsible back to their own organisations to see that the reports submitted by their own organisations are accepted. An ordinary member of a body is free to agree with or to reject all or any part of a report submitted by the directors or national committee or other controlling group within that body. A director or member of the national committee is bound to support it in public and has a responsibility back to his organisation to see that it is adopted if possible. An ordinary member would have no such obligation. Therefore, if the personnel of the Legal Services Commission were chosen merely from experienced members of such bodies there would be no cause for complaint. It is not it is chosen from the directing bodies of such organisations and their position must therefore be embarrassing and questions may be raised as to bias when the report is eventually published. W. P. Willmott Elwell, Annesley and Elwell, Shirley Lodge, 89, Elm Grove, Hoyling Island, Hants.

Price fixing

From Mr. F. Hamill. Sir, There must be something wrong with the Government price fixing procedure if a few weeks after Shell had been allowed to increase prices, they find it necessary and possible to reduce them. The situation in the Post Office Telecommunications Branch and the Gas Board is similar, where unplaced profits have accrued. These mistakes are costly because they increase inflationary pressures. Applications for approval of price increases should be investigated much more closely and perhaps the arguments put forward by the interested parties should be published for comments before decisions are reached. F. Hamill, 6, Hornsworth Way, London, N.20.

Europe

From Mr. Robert Lee. Sir, The present is an appropriate time to recall a speech made by William Ewart Gladstone MP at Caernarvon on April 10, 1888: "We are part of Europe and we must do our duty as such." Robert Lee, PO Box 161, Hong Kong.

Letters to the Editor

they pay lip service and presumably hope for results. R. J. S. Perry, Regent House, 16, West Walk, Leicester.

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To-day's Events

- Official Statistics: Building societies receipts and loans (June). COMPANY RESULTS: Birmid Qualest (half-year), H. P. Bulmer (full year), Gesteiner Holdings (half-year), Scottish and Newcastle Breweries (full year). COMPANY MEETINGS: Bishop's Stores, Kinkaid, S. Development, Subject: Trade Policy and Aid Policy. Witnesses: 12, Foster (John), Walford Hotel, W.C., 12.30. Hill (Philip) Investment Trust, 19, St. James's Square, S.W., 2.45. Newman Industries, 12, Smith Bulmer, Bradford, 12.

Making the right decisions depends on having the right connections.

And the right connections are particularly important when it comes to arranging international corporate finance and foreign exchange. Bank of Tokyo have almost a century of experience in making life easier for the businessman. For instance, we have branches and connections spanning the length and breadth of five continents. And we have a reputation for being one of the world's leading specialists in serving the needs of international business. Once you've got Bank of Tokyo working with you, operating on a worldwide basis can be a much smoother and more profitable business.

BANK OF TOKYO
London Offices: 20/24 Moorgate, London EC2R 6DH. Tel: 01-638 1271 and 1 Hanover Square, London W1R 9RD

Your international connection



COMPANY NEWS + COMMENT

Hogg Robinson 36% rise to over £8m.

WITH ALL PARTS of the group contributing through increased business and by reducing expense ratios, pre-tax profit of Hogg Robinson Group...

INDEX TO COMPANY HIGHLIGHTS table with columns for COMPANY, Page, Col., COMPANY, Page, Col.

to a record £1,557,510 subject to tax of £792,820, against £589,739, for the year ended March 31, 1977.

Kenning Motor sees record

FIRST-HALF pre-tax profit of Kenning Motor Group expanded from £1.58m. to £2.65m. and Mr. C. Kenning...

DIVIDENDS ANNOUNCED

Table of dividends announced with columns for Company, Current payment, Date of payment, Current dividend, Total for year, Total last year.

ISSUE NEWS

Ferguson Industrial raises £939,000

Ferguson Industrial Holdings is proposing to raise £939,000 by a two-for-five rights issue to the authorised capital.

RIGHTS RESULTS

Allied Retailers £0.3m. in issue on the basis of one-for-one at 110p per share closed acceptance of 92.4 per cent.

potential for recovery in freight, growth in travel agencies and fast progress in the new Persian Gulf broking operation.

Latter half leap by Concrete

MANUFACTURERS OF structural pre-cast concrete and steel, etc. Concrete reports an advance in turnover from £22.47m. to £31.77m. for the year to March 31, 1977...

Ordinary share, no final dividend for the year is recommended. Thus the interim payment of 1.5p net per share compares with last year's total of 2.146p.

The addition of Dowsett Engineering Construction has made all the difference to Concrete's results.

Basic earnings per 25p share for the half year are shown to be up from 3.2p to 5.3p and from 2.5p to 4.7p fully diluted.

Trading in new and second-hand vehicles improved despite shortages. Service results were well up although profits on parts declined due to a lengthy strike.

Toothill deficit £149,605

A SECOND HALF LOSS of £79,494, compared with a profit last time of £24,000, gave furniture manufacturers R. W. Toothill a pre-tax loss for the year to March 31, 1977, of £149,605.

The loss per 25p share is shown as 4.60p, against earnings of 21.17p, and there is no final dividend, compared with a total last year of 4.12p net.

Sales excluding VAT fell by £0.2m. to £2.2m. There was a tax credit this time of £82,011, against a charge of £155,710.

Mr. Rex Chester, the chairman, says that there are hopes for some improvement in order levels in the DPE and building paints sectors in the second half.

Macpherson up midway

WITH A SHARP improvement in export sales and the profit performance of overseas companies along with a very satisfactory first time performance from Unerman Holdings, pre-tax profits of paint, etc. manufacturers Donald Macpherson Group...

Mr. Rex Chester, the chairman, says that there are hopes for some improvement in order levels in the DPE and building paints sectors in the second half.

Basic earnings are shown to be up from 4p to 4.8p per 25p share and full diluted from 3.5p to 4.4p.

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Anglo Am. Asphalt £1m.

ON-SALES lower by £2.47m. to £4.06m. Anglo American Asphalt Company achieved a record taxable profit of £1.01m. against £290,000 in the year to March 31, 1977.

The directors, who said at the interim stage that full year's results should show some improvement over 1976/77, say that the company has exceeded profitably and that current trading is encouraging, despite the present uncertain world economic climate.

The gross final dividend is 2.174p per 25p share for an increased total of 3.666p (3.253p added for two-for-one bonus issue).

Comparatives are restated following change in treatment of deferred tax to take account of ED 19.

Sales for the 12 months included £1.5m. in respect of activities disposed of and a lower level of Detroit sales.

Despite a midway fall from £7,678 to £3,259, diamond tipped gramophone stylus manufacturers, Diamond Stylus Company finished the year to March 31, 1977, with taxable profits ahead of £126,139 against £116,500.

The directors, who said at the interim stage that full year's results should show some improvement over 1976/77, say that the company has exceeded profitably and that current trading is encouraging, despite the present uncertain world economic climate.

Final dividend of 5.429p to be paid for the current year. This represents an increase of 10.54 per cent. and Treasury consent has been obtained.

The rights document shows that as at June 30 the group had secured loans of £1.62m. (including £0.5m. owing to IFCG) and bank overdrafts of £2.12m.

Underwriting has been arranged by Industrial and Commercial Finance Corporation and brokers are Laing and Cruickshank.

Mr. Morris Abbott, the chairman, says that some 35 per cent. of broking income was received in foreign currencies and, while the greatest profit growth has come from international and overseas operations, U.K. companies also achieved excellent results.

The travel and freight operations almost doubled their profits, partly as a result of increased investment, says the chairman.

Mr. Rex Chester, the chairman, says that there are hopes for some improvement in order levels in the DPE and building paints sectors in the second half.

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Still sending garments packed in cartons?



They travel better on hangers whilst reducing the total cost of distribution

Here's where you save:

- 1. Wages. Switching to Tibbett & Britten means you can reduce your despatch staff by up to two in every three.
2. Packaging Materials. Instead of having to stock ever-dearer cartons and tissue, use plastic hangers and polythene covers. A significant saving in cost.
3. Space. The far shorter handling time means a smaller department can deal with more goods.

And here's where you gain:

- 1. Goodwill. Your customers will no longer have to unpack, re-finish and hang your garments. That saves labour, space and time. Garments ready for the selling rack as soon as they arrive will help the cash to flow.
2. Speed. We collect and deliver virtually anywhere in the U.K. in three days, often in two, depending on distances.
3. Security. We handle around 45 million garments a year, with losses never yet exceeding 1 in 100,000! And we're working hard to improve even that unenviable record.
4. Service. We collect and deliver punctually and keep in touch so you always know what's going on. And we'll take cartons of clothes you cannot hang as well.

If slotting into our regular network does not suit you, ask about volume rates for specific journeys. Or about vans on contract hire. In our livery or yours. Or about our warehousing call-off service.

If you have garments to move, call Mike Cass. He's our national sales manager. That call could be a great investment for your company.

Tibbett & Britten Clothing Transport logo and address: 661/667 High Road, Tottenham, London N17 8AZ. Tel: 227647, Tel. 01-508 3040.

halma logo and text: Sales + 30, Exports + 82, % on capital + 162, Profit pre-tax + 195. In every significant aspect the Group has established new records... excellent results which should be bettered this year.

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Ferguson raises £930m

Ferguson's 1977 profits are expected to be £222m, timber merchants say. Higher revenue tax cuts for the year ended 1, 1977 ahead from £181m. Interest charges were £52.2m, compared with £57m in 1976. Full year's figures, it would be good. Full year earnings are £214m (9p) and the dividend is £125p (5.75p), a maximum allowed, with a 2.83p net. The charge is lower as a result of a new tax provision unless there is a change in the foreseeable future. As

Montague Meyer m. advance

Montague Meyer's 1977 profits are expected to be £222m, timber merchants say. Higher revenue tax cuts for the year ended 1, 1977 ahead from £181m. Interest charges were £52.2m, compared with £57m in 1976. Full year's figures, it would be good. Full year earnings are £214m (9p) and the dividend is £125p (5.75p), a maximum allowed, with a 2.83p net. The charge is lower as a result of a new tax provision unless there is a change in the foreseeable future. As

Timber tops £6.5m

Timber's 1977 profits are expected to be £222m, timber merchants say. Higher revenue tax cuts for the year ended 1, 1977 ahead from £181m. Interest charges were £52.2m, compared with £57m in 1976. Full year's figures, it would be good. Full year earnings are £214m (9p) and the dividend is £125p (5.75p), a maximum allowed, with a 2.83p net. The charge is lower as a result of a new tax provision unless there is a change in the foreseeable future. As

Yearlings rise

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Provident Life reduced business

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How To Subscribe To The Wall Street Journal

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St Michael
94% BRITISH MADE
GROUP TURNOVER
£1064
MILLION

STATEMENT TO THE SHAREHOLDERS BY THE CHAIRMAN

The Hon. Sir Marcus Sieff, O.B.E., B.A.

TREASURY
All members of our Board work as an executive team and have been developed and promoted from within the Company except on the rare occasions when we need to bring in special expertise. This assures continuity of management and the implementation of the principles of our business, particularly in furthering good relations with our staff, suppliers and customers and providing high quality goods at reasonable prices.

STAFF INVOLVEMENT
As a socially responsible company we have always recognised our duty to our employees, as well as to our shareholders, customers and the community. We believe in employee involvement and every company must be allowed to evolve its own method. Good human involvement cannot be imposed by Government through legislation. It can only develop from within the individual organisation if there is the right mental attitude at the top which leads to mutual trust, confidence and co-operation. We are improving methods of communication with all our staff and have frank discussions particularly on matters which affect them. Every person we employ is treated as an individual and has an opportunity to express his or her views. We employ 750 professionally trained people in personnel and staff management so that everyone has someone at hand who is interested and responsible for the well-being and progress of a limited number of people and is available to each individually for advice and discussion.

THE BULLOCK COMMITTEE
We believe that legislation to implement the Bullock Committee majority Report would have the opposite effect to that intended. Instead of improving efficiency and good human relations it would bring bureaucracy, indecision and friction into boardrooms and on to shop floors. It would do nothing to create additional wealth or to improve standards of living for all depends. We are totally opposed to it.

CONSOLIDATED RESULTS
The total sales of the Group were £1,064,837,000. Total exports from the United Kingdom, including sales to subsidiaries overseas, were £40,488,000.

ACCOUNTING FOR INFLATION
Figures produced in accordance with historic accounting conventions are no longer a realistic measure of a company's performance. An attempt to take into account the effects of inflation is desirable. We are unhappy with the proposed new accounting methods and have not yet changed any of our systems. We have, however, calculated the likely effects of inflation on our figures in two major areas—the true cost of our sales and of depreciation. In our business, the effects of inflation are mitigated by our rapid rate of stock turn and the recent revaluation of our properties. We estimate that had we adopted the proposed Accounting Standard, our profits before tax would have been reduced by £12,000,000 this year and £8,000,000 last year.

2. A vigorous implementation of our policy of buying British.
Because we have maintained our standards at a time when so many have been eroded, St Michael textiles have competed successfully against imports and the volume of sales of St Michael foodstuffs has expanded. We are pleased that in this year, designated as Export Year, Marks and Spencer received the Queen's Award for Export Achievement.

EXPORTS
Overseas sales of St Michael goods increased by £14,683,000 to £40,488,000. Besides selling to Marks and Spencer stores in Europe and Canada, we have developed our export business—
1. By selling to leading retailers in overseas countries to whom we have become a major supplier.
2. By developing St Michael franchise stores which sell virtually only St Michael British-made goods. There are now 29 of these in 23 countries.

94 PER CENT BRITISH
British-made St Michael goods account for 94 per cent of our UK sales other than food. The garment and knitwear industry at home is threatened by competition from Asia and Eastern Europe but can increase its sales as we have done, through quality and value. We believe that the successful future of the British textile industry depends largely on improving quality and design.

ST MICHAEL TEXTILES
Our sales of St Michael clothing, footwear and home furnishings in the United Kingdom, have grown by £58,878,000 to £643,122,000. We have widened our range. The trend to casual clothes continued with high levels of demand for denim jeans, cotton tops, casual jackets, sportswear, knifwear and other leisure dresses. Despite higher prices, there is a growing demand for garments in natural fibres, which give greater comfort. While maintaining our classic ranges we are more alert to fashion trends for which demand increases, particularly from our younger customers.

NEW DEVELOPMENTS
Our range of furnishings and other products for the home is developing well. We have introduced lines of custom-made curtains and trials of hardware for the kitchen and dining room. We had a successful trial last year of a limited selection of books for the family and are now developing a more comprehensive range. We are exploring other areas related to our existing business where our approach to quality, value and design might be relevant.

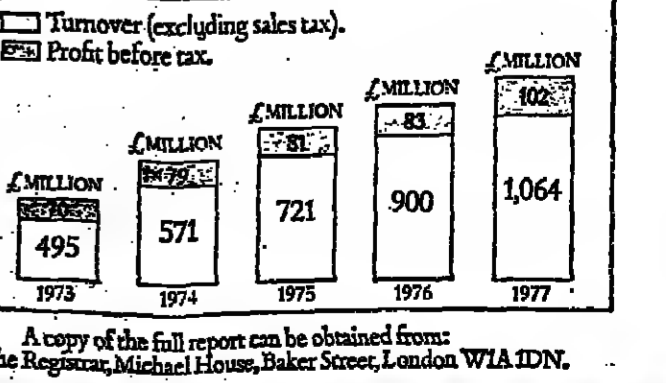
EUROPEAN SUBSIDIARIES
Sales by our subsidiaries in Europe totalled £14,312,000 compared with £7,691,000 last year. Our stores in Paris and Brussels are trading profitably but our Lyons store, in the new shopping centre, La Part Die, is at a loss and its future success depends on the centre attracting more customers. In all three, we have introduced successfully a limited range of St Michael foods. We are widening the food catalogue. Following the success of our stores in Paris and Brussels we have decided to expand our Parisian operations. We are acquiring a number of new sites in important shopping areas.

SOCIAL RESPONSIBILITY
We believe that a business must act as a good citizen and that, as retailers, we have a special responsibility to the local communities in which we operate stores. The personal and voluntary commitment of many of our store staff to local charitable causes is as important as the funds made available for these purposes.

WEALTH CREATION AND SOCIAL CHANGE
The country faces many challenges in the socio-economic field. Where changes are concerned with creating national wealth and improving the well-being of the individual they are to be welcomed and should be implemented. Others, which are the result of political dogma, should be rejected if they add nothing to our wealth-creating capacity or individual well-being. In a democracy, with our adequate profits there is little progress and even less prosperity. As a people, we should pay more attention to the creation of wealth than to its redistribution. If the mixed economy and democracy, as we understand it, are to survive, skills, initiative and hard work at all levels must be recognised and properly rewarded. Equally, shareholders must be adequately compensated for providing risk capital.

WHAT HAPPENS TO EACH £1 PUT IN THE TILL

- 74p Goods and expenses.
- 10p Salaries and welfare.
- 5p VAT.
- 5p Tax on profit.
- 3 1/2p Re-investment.
- 2 1/2p Dividend.



A copy of the full report can be obtained from: The Registrar, Michael House, Baker Street, London W1A 1DN.

MARKS & SPENCER

MINING NEWS

Conwest-CEGB uranium hope

BY PAUL CHESSRIGHT

A uranium exploration venture in Saskatchewan in which the U.K. Central Electricity Generating Board is involved, could make news of importance this summer, according to Mr. Martin Convent, chairman of Canada's Conwest Exploration, one of the venture partners.

The exploration is taking place on the south-east edge of the Athabasca Basin, an area which has been put to work in a summer project, which follows on work started in the area during August 1975, with the participation of the Saskatchewan Department of Mineral Resources.

NORTHAIR PAYS ITS DEBTS

The new British Columbia gold-silver-lead-zinc producer, Northair Mines, is whittling down its debt as cash flow rises. The working capital deficit at the end of May was \$C3.4m. (£1.86m.) compared with \$C4.1m. at the end of February.

TANGANYIKA CONCESSIONS

Once again the auditors have qualified the accounts of Tanganyika Concessions, this being not only in respect of the company's Rhodesian and African interests, but also in respect of its interest in the Benguela Railway, in strife-torn Angola.

BIDS AND DEALS

CU selling German and Austrian interests

BY ERIC SHORT

The Commercial Union Assurance Company and Allianz Versicherungs AG have reached agreement, subject to the approval of the British and German authorities, whereby Allianz will acquire CU's interests in the German and Austrian companies.

MARCHWIEL HAS 7% OF HALL ENGINEERING

A holding of 701,989 shares in Hall Engineering (Holdings) is now owned by Marchwiel Holdings, the big civil engineering group which includes Sir Alfred McAlpine and Son.

WALLACE IN TALKS OVER LE VALLONNET HOLDING

Wallace Brothers Bank is holding conversations with prospective purchasers over its 45 per cent stake in Le Vallonet Investment Trust.

NEGRETTI & ZAMBRA

The Board of Negretti and Zambra said yesterday that in view of the recent rise in its share price and the light of the future, it has decided to make a major retrenchment programme following the departure of Mr. Gordon Dunlop.

MINING BRIEFS

KENT (FMS) TIN BREEDING - June output 72 tonnes (May 61 tonnes). KINTA KELLAS TIN BREEDING - June output 49 tonnes (May 49 tonnes).

nouncing that it had not received an approach from another company. The Board went on to say, however, that the company is involved in preliminary discussions which might lead to an offer being made by Negretti for another company.

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ment trust of Wallace's 80 per cent stake in Extract Wool Holdings. Since becoming a Standard and Chartered subsidiary, Wallace has had "approaches from as many as 30 companies interested in buying a company-based investment trust", a Wallace spokesman said yesterday.

CLYDE QUESTIONS LYON & LYON DEFENCE

The contested bid by Clyde Petroleum for Lyon and Lyon entered its third stage yesterday with a letter from Clyde urging Lyon's shareholders once again to accept the offer.

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Inveresk £1.52m. midway -rights to raise £2.1m.

A SHARP increase in pre-tax profit from £0.29m. to £1.52m. is announced by Inveresk Group for the 24 weeks ended June 30, 1977. The result is 50.24m. more than the 1976/77 first half and £1.05m. below the previous comparable period.

(amounting to £1.1m.) of the sales of the balance of the company's investment in Georgia-Pacific Corporation and partly by a £1.5m. medium-term bank loan.

offer at the same time to the holder of convertible Preference shares. Accordingly, 157,233 new Ordinary shares of 50p each offered by way of rights can be provisionally allotted in respect of the 500,000 convertible Preference shares of £1 each held.

And reporting that the improved trend in the general level of the group's activities, which first became evident in the last quarter of 1976 and continued during the first quarter of the current year, has been maintained, the directors announce a one-for-four rights issue to raise about £2.1m.

The net interim dividend is fixed from 1.25p to 1.375p, absorbing £1.34m.

S. G. Warburton and Co. is underwritten the issue. W. Grace and Co. are brokers to the issue.

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Benefits for Pilkington

TRADING conditions do not look as though they will change substantially but Pilkington Brothers continues to grow stronger and improve its capacity to respond to an upturn in economic activity.

As reported on June 11, pre-tax profit for 1976-77 rose sharply from £34.59m. to £63.72m. On a depreciation and replacement cost basis profit is £32.52m. (£23.99m.).

is that capital spending will fall a little this year from £58m. of 1976-77, whereas depreciation and replacement cost basis profit is £32.52m. (£23.99m.).

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ROUND-UP

Production has dropped by an unexpected amount at Selkirk Gold Mining, the principal producer in South Africa's General Mining group.

Neil and Spencer upsurge

REPORTING PRE-TAX profits more than doubled from £120,000 to £280,000 for the half-year to end May 1977, Neil and Spencer Holdings says it anticipates that the full year will show further progress towards achieving acceptable results.

MINSTER ASSETS

The directors of Minster Assets state that if the rate of ACT is reduced, an additional dividend will be paid on the total of 3,245p net for 1976. This payment would be £119,000.

LAMPA 8p

A third distribution of 8p is announced by Lampa Securities (in liquidation), making 110p per share.

Entertainment Guide (Continued)

Table listing theatres and cinemas with showtimes and titles. Includes entries for Shaw, Windmill Theatre, Wyndham's, and various cinemas.

£2m. for Queensway Discount

Harris Carpets, a private High Street retailing group, revealed its plans yesterday for a takeover of the furniture and carpet discount operation, Queensway Discount Warehouses, which was founded ten years ago by Mr. A. R. (Gerry) Parish.

ever, the third quarter has experienced difficult trading, in general with much of the industry.

profit forecast of not more than £100,000 for the year, but anything for stand maintenance.

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EDINBURGH INDUSTRIAL HOLDINGS Limited

Since the year end the finances have improved, and with the group returning to profitability it is hoped that contributions to cash flow will soon follow.

Future The group is trading profitably with the best order book for nearly two years. The acquisition of the 45% stake in Obex has helped profitability in the current year and a much greater contribution to profit is anticipated from this company.

Godfrey Bilton - Chairman

Table showing financial performance for Year ended 30 October 1976 and 1975. Includes Turnover, Trading Profit (Loss), Interest Payable, Profit (Loss) before Taxation, Taxation, Profit (Loss) after Taxation, Extraordinary Items, Loss after taxation and extraordinary items, Minority Interest, Attributable to Edinburgh Shareholders, Earnings per Share.

Copies of the Report and Accounts are available on request from the Secretary, Edinburgh Industrial Holdings Limited, 105 St. Vincent Street, Glasgow G2 5EG.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 8 per cent. (since May 12, 1977) The authorities gave a moderate amount of assistance to the London money market yesterday to relieve a general shortage of day-to-day credit.

Table showing interest rates for various financial instruments including Sterling certificates of deposits, Local authority deposits, Finance Deposits, Company Deposits, Discount Bank, Treasury bills, and Prime Trade Bills.

This announcement appears as a matter of record only.

NEW ISSUE July 13, 1977

U.S. \$20,000,000 Gilbey Canada Limited

Notes due 1992

The private placement of these securities has been negotiated by the undersigned. Merrill Lynch, Pierce, Fenner & Smith Incorporated.

K. boost gives Wilkinson Recovery puts Latch record £12.35m. ERF on £1.7m. Encouraging trend for Marks & Spencer

of Wilkinson Match... for the year to March 31... U.K. tax of £2.1m... £1.6m, and overseas tax... £2m, against £3.6m...

Fuller Smith over £1m. A JUMP in taxable profit from £574,824 to a record £1,010m...

18% rise at R. & J. Pullman. MERCHANDISERS and manufacturers of garments and textiles...

John Lees confident. In his annual statement, Mr. J. Lees, the chairman of J. Lees & Co...

for Pilkington Ratners 53% ahead at £1.4m. of 53 per cent in taxable profit...

AC Cars warns on second half. On turnover up from £1.08m to £1.52m...

Jas. Cropper still on the mend. In his annual statement, Mr. J. Cropper, the chairman of Jas. Cropper & Co...

There's one London bank that really understands Eastern Europe. Moscow Narodny Bank has the experience...

Savings Bonds conversion offer. The Treasury announces that a conversion offer will be made to holders of 7 per cent British Savings Bonds...

Canada Limited. \$20,000,000. Since 1892. The bank for East-West trade.

Moscow Narodny Bank. The bank for East-West trade. 1/32 King William Street, London, EC4P 4JS.

TOTAL ASSETS EXCEED £1,500,000,000. Pierre Fenner & Co.

MANUFACTURERS of heavy commercial vehicles and fire appliances, ERF (Holdings) reports a turnaround from a restated loss of £117,530 to pre-tax profits of £1.7m for the year to April 2, 1977.

After tax of £436,416 (£265,132 credit) earnings are shown to have risen from 2.33p to 28.0p per share and as promised the dividend total is the maximum permitted 3.25p (1.3p) net with a final of 1.75p.

Although there is still a general weakness in the European market, sales in South Africa have been good, and substantial progress has been made in New Zealand where ERF now has a major share of the heavy vehicle market.

Looking to the future Mr. E. P. Foden, the chairman, states that while the past few years have seen a trend towards bigger manufacturing units and the virtual elimination of the smaller independent manufacturer, he believes that ERF's future is now becoming clearer and more assured.

"Our return to profitable trading and the current state of our order book gives us every confidence," he says. A new and higher range of vehicles is being developed to supplement the ERF "B" series and the Board is giving very careful consideration to the extension of manufacturing facilities.

Positive steps have been taken to resolve the problems, the directors add, and the initial results for the current year show a useful improvement in virtually all divisions.

Earnings per 10p share are shown as 3.25p (7.89p). Assuming no change in ACT the dividend is lifted to 2.12p (1.927p) with a final of 1.12p net. Mr. G. K. work.

Turnover for the year was £253,425 against £267,548. The company makes springs and press drawn on parallel with Foden's. Mr. W. Watson, the chairman, said that the forecast of 47 per cent profits for this year, the portents of which are £47,851 shares.

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months.

Production is still moving ahead, and selling prices are showing a much better return - prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, ERF will certainly benefit, though long term there is still the question of how well it will ride out a recession.

Even after yesterday's 7p rise to 77p the shares could go further, for the price is only 2.9 or 3.9 on a 6.5 per cent cover. It is covered 6.5 times on the lower earnings figure.

Kelvin Watson downturn. PRE-TAX Profits of apticians, R. Kelvin Watson fell from £502,103 to £32,881 for the year ended March 31, 1977, on turnover of £3,066m against £2,622m.

At the interim stage, when the profit was behind from £174,846 to £130,883, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

They say that although the full year's results are disappointing, they have proceeded to implement their planned programme of investment in the future development of the company.

After rising from £52,463 to £52,200 at the halfway stage, profits for the current year show a useful increase from £91,160 to a record £118,073 for the year to April 30, 1977 subject to tax of £32,131.

Turnover for the year was £253,425 against £267,548. The company makes springs and press drawn on parallel with Foden's. Mr. W. Watson, the chairman, said that the forecast of 47 per cent profits for this year, the portents of which are £47,851 shares.

THE VOLUME of trading by Marks & Spencer in the current year had been encouraging, the chairman, Sir Marcus Sleaf, said at yesterday's annual meeting.

He said the earlier weather had been highly unseasonable, with virtually no spring, which had some effect on sales of summer goods; but recent sales had been "more than good."

Sir Marcus told shareholders that the export department continued to make excellent progress and was becoming a worthwhile and profitable section of the business. The group was well on target to achieve £65m-£70m of exports this year.

Of the overseas ventures, Sir Marcus said the Paris and Brussels stores were trading profitably, but the new store at Lyons, France, was still trading at a loss. Progress was being made in Canada, where interests include 65 Marks and Spencer Stores. Within a short time both Europe and Canada were expected to contribute a worthwhile contribution to group profits.

Building of the Kensington, London, store was on schedule. It would open in October. Resolutions were approved to set up a profit-sharing scheme for staff and a share option scheme for senior employees and directors.

Sir Marcus explained that the authorities had approved the schemes but they would not be implemented until present pay restrictions had been removed. He believed the schemes were "in the spirit of the times."

Statement Page 19. After rising from £52,463 to £52,200 at the halfway stage, profits for the current year show a useful increase from £91,160 to a record £118,073 for the year to April 30, 1977 subject to tax of £32,131.

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AN ADVANCE of almost £1m to £2.51m, in second half pre-tax profit gave Siebe Gorman Holdings a 42 per cent increase to £2,510m for the year to April 2, 1977, on turnover 38 per cent ahead at £36.35m. The directors said at half-time that they were confident that growth and progress would be maintained.

The profit includes an amount of £305,000 from Steepleglade, acquired last March, members are told. The dividend is stepped up by the maximum permitted from 4.55p to 5.05p with a net final of 3.85p. Second earnings are up 29 per cent from 14.5p to 18.7p per 25p share. An additional dividend will be paid if the tax rate is reduced.

Net profit of builders and property holders Dares Estates £5,000 for 1976, compared with a loss of £303,000 last year. State dividend per 50p share are 0.07p, against 7.78p last year. Once again there is no dividend - the last payment was 2.3572p in 1972.

Net asset value per share increased by 24 per cent to 12.6p. Borrowings have been reduced by £1.4m to £2.2m. Turnover was £2,588m (£2,326m) and credits of £1,495m (£2,322,000).

Profit was struck after a tax credit of £3,000 (over charge). The company Development Company is acquiring Sotovoltae Development Company for £50,000, reduced by an amount related to the development land at the site at Marchwood, near Southampton and the purchase consideration of an amount equal to one third of the profit after tax realised from Sotovoltae's land, is

to be satisfied by Ordinary shares at 10 per cent, below market price on the day of issue. Net assets of Sotovoltae at April 30, 1977 was £18,429 but land owned has been professionally valued at £136,400 - this comprises 16 acres at Marchwood near Southampton. Of the 10 acres at Marchwood, seven acres had detailed planning permission for four units and a full-line permission for 33 units and in respect of which application has been made for planning permission for a further 15 units.


The company is also acquiring two pieces of land at Altrincham, Cheshire, one piece of 1.68 acres is with planning permission for 15 houses. The second piece of land is about 1.5 acres and has planning permission for 12 units.

42% rise at Siebe Gorman. AN ADVANCE of almost £1m to £2.51m, in second half pre-tax profit gave Siebe Gorman Holdings a 42 per cent increase to £2,510m for the year to April 2, 1977, on turnover 38 per cent ahead at £36.35m. The directors said at half-time that they were confident that growth and progress would be maintained.

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THE WORLD'S LARGEST MANUFACTURER SPECIALISING IN POWER TRANSMISSION

A particular problem which will concern the presentation of manufacturing industry is that of cost of sales based on replacement cost of stock. Most manufacturing industry has considerable pipeline stock from raw material to point of sale and this is a good business asset for every point of view, provided the timing of price rises enables increasing costs and the cost of maintaining such stocks to be recovered. Most manufacturing companies do exactly this and if their presentation of results is to be deprived of such normal and deliberate profit then we shall once again have a manufacturing industry with all that this will imply in attracting future investment. We need to think hard on the consequences of inflation accounting.

PERSONNEL

During the year economic conditions made it necessary for there to be reductions in the number of our employees. These reductions were mainly the result of rationalisation of manufacture in the United Kingdom and a considerable improvement in manufacturing efficiency has been achieved. This has been possible by the understanding and co-operation of all our personnel and our long-established joint consultation procedures have played a valuable role. Those who feel it necessary to impose the Bullock Report upon industry should remember that examples like Renault Joint Consultation, of which there are many, provide the natural basis from which further employee participation can grow as necessary, without legislation or fuss. Our management and supervisory staff have performed splendidly in increasingly difficult circumstances. In the interests of defeating inflation they have accepted the necessary sacrifices but if we are to expect their performance to continue it is vital that adequate rewards and incentives be re-established quickly.

NEW AND IMPROVED PRODUCTS

I am delighted that with the Annual Report we are able to enclose a supplement showing these modern power transmission products. You will, I hope, find them to be examples of all that is good in British industry. Manufacturing industry in this country is often accused of lack of innovation, poor design and reluctance to improve but I feel sure that these examples will show that this is just not so. These products, which are the result of intensive work over the last few years in our Research and Development Centre, incorporate the best in industrial design, are of the highest known quality, perform as specified and meet all requirements upon an international basis. If you require them, I am sure you will agree that British industry is not losing the race but, in many fields, continues to lead the world.

THE ECONOMIC SCENE

It is necessary to realise that we are operating in a world which is still in economic recession. There are one or two industries, notably the automotive, where demand is buoyant but, generally, activity and demand are at a very low level. The economic policies of the western world have been based upon rapid expansion of world trade and such policies pre-suppose access to, and availability of, reasonably priced raw materials. Unfortunately, this position no longer applies and industrial countries are, accordingly, reluctant to reflate partly because of the consequences on terms of trade arising from the cost of these imports. In such circumstances, it is an illusion to rely upon export-led growth based upon cheap sterling. Too many other countries rely upon exports to allow their share of the world markets to be eroded by the United Kingdom. The United Kingdom economy would perhaps benefit more from a strong currency than chasing the illusion of ever-increasing exports.

Statement by the Chairman, Mr. L. J. Tolley, C.B.E.

The 47th Annual General Meeting of Renault Limited will be held on 4th August at Renault House, Wythenshawe, Manchester

The results for 1976/77 must be reviewed against the background of a year in which, despite earlier international forecasts, the hoped-for recovery in the engineering industries of the world did not materialise. If the automotive industry is excluded, activity was low almost everywhere, particularly on new capital projects, and nowhere was the loss activity more pronounced than in Continental Europe.

The effect on the Group was that, while in the second half year there was a significant recovery from the previous artificially low demand in smaller pitch chains, there was little resurgence in other products more closely associated with large engineering projects. Our subsidiaries throughout the world, particularly in France but with the notable exception of South Africa, made a relatively low contribution to Group profits than in recent years. However, the actions taken progressively over the last two years to further improve performance in the United Kingdom did much to redress the balance and the Group profit of £16.9 million is a significant improvement on last year. This was a good result in a very difficult year and emphasises the inherent strength of the Group and the benefits from its spread of activities. Currency gains operated in our favour and included in the figure are those arising from exchange gains on net current assets held overseas. We would, however, prefer to see a strong pound and lower inflation at home than these currency "gains".

In a year when inflation again put pressure on cash resources, for a Group which has world-wide stock availability as an integral part of its commercial philosophy, our excellent control is reflected in the stability of the borrowing and our financial resources remain in good shape.

INFLATION ACCOUNTING

In the long discussions on the various proposals for inflation accounting culminating in Exposure Draft 18 published by the Inflation Accounting Steering Group, much has been said about reporting results in real terms but little of the effects on investment and on international comparisons. It is right and desirable that results should be reported in real terms, particularly if tax savings can be achieved by so doing, but we should hesitate before accepting a system which can act as much on the side of understating the true position as historical accounting overstates the position. Also we should consider the comparison with overseas since United Kingdom results are already diminished by the decline of sterling and should not suffer by further reductions.

GROUP RESULTS

	This Year £'000	Last Year £'000
Sales	118,162	101,292
Profit on Trading	16,863	14,355
- UK Companies	8,615	7,067
- Overseas Companies	6,487	6,788
Profit attributable to Ordinary Shareholders	8,935	5,355
Ordinary Stock		
Dividend per £1 unit	8-4527p	7-6843p
Earnings per £1 unit	22-1p	14-2p

This year no transfer has been made to deferred taxation.

If world trade is not to expand rapidly and if we are to employ our own people satisfactorily, maybe our policies will have to change within EEC we will need to give more emphasis to manufacturing our own requirements rather than allowing other countries, particularly from the Far East, to export their own unemployment to us.

Manufacturing industry in Western Europe is still declining and will continue to do so in an atmosphere of low world demand, despite well-intentioned direct aid and intervention by governments in several countries. The EEC, if it is to prove its effectiveness, needs to concentrate, as a priority, upon a better balance of trade in manufactured goods, both within its own boundaries and with other countries. Only if this can be achieved, will the EEC deal with its employment problems and create the wealth needed for expansion and growth.

GROUP PROSPECTS

There are many favourable signs which augur well for the longer term trading prospects, but in the short term it would be unrealistic to expect a spectacular improvement in the results of a Group whose function is to service the power transmission requirements of industry. If, as we hope, sterling remains reasonably stable during 1977 it is unlikely that any short term improvement in results will compensate fully for the high exchange gains in the 1976/77 profits.

Actions taken to improve further the performance of our United Kingdom companies will enable advantages to be taken of the strengthening of demand which has occurred in recent months for some products and which is now spreading slowly but significantly to other products but not in all markets. In certain countries, there seems likely to be a longer delay in activity growth with a consequential effect on some overseas results but economies introduced during 1976 are likely to have a beneficial effect in part of 1977 and improved returns in the second half year can be anticipated. In addition, sales of hydraulic motors which had an encouraging start in 1976/77 will grow significantly during the year and, as more sales become available, will make a steadily growing contribution to turnover.

Above all, the organisation is in good heart; the financial situation is sound and a full range of products is readily available throughout the world. All these factors are counters to slow growth in world economies and we are confident that in 1977/8 and subsequent years the Group will continue to be successful by using our strength to take full advantage of all opportunities.

RENOULD LIMITED · MANCHESTER

INDUSTRIAL

Canada Limited. \$20,000,000. Since 1892. The bank for East-West trade.

Moscow Narodny Bank. The bank for East-West trade. 1/32 King William Street, London, EC4P 4JS. Branches in Beirut and Singapore. Representative Office in Moscow.

TOTAL ASSETS EXCEED £1,500,000,000. Pierre Fenner & Co.

GARDENS TO-DAY

A little summer privacy is all one would ask

BY ROBIN LANE FOX

FOR A YEAR or two now, I have been trying to grow a screen of trees or of greenery, about 7 feet high, which would protect the bottom corner of my garden from the evening's passers-by. The taste for open-plan gardens has found much in Scandinavia...

colder than she expected and shrinks away, wishing for a jersey to drape round the upper arm. They hesitate, always where my wall is lowest. They wait for a compromise, note the bare patches on my lawn and then turn back, discussing how they would keep up their own garden if only they did not live in a town...

APPOINTMENTS

Hawker Siddeley changes

HAWKER SIDDELEY GROUP, Mr. G. Howell has been appointed managing director of High Duty Alloys Forgings, succeeding Mr. F. G. Haddock who has retired. Mr. Howell was previously managing director of High Duty Alloys Castings...

First National Bank of Atlanta, Mr. Charles W. Randall is to assume management of the London representative office. Mr. Randall, an assistant vice-president, succeeds Mr. James P. Steele III, who returns to the bank's Atlanta headquarters later in the year.

JARDINE INDUSTRIES has announced senior staff changes to take account of the growth of operating subsidiaries. Mr. W. H. Haslam will take up the position of managing director of the Concept 2000 (HK) group of companies from July 18 and has therefore resigned as managing director of Jardine Industries.

Years had been lost and we felt we must hurry. Speed turns me to poplars and, although I had never studied it, the choice fell on Populus Canadensis Aurorea. It is a Balsam Poplar, so its leaves are scented. But it is also striped and variegated in a way which would cause you to hesitate if you read about it in a catalogue.

Mr. Arthur Katz has been appointed chairman of the METTON COMPANY in succession to the late Mr. H. J. Iwer. Mr. Katz was previously deputy chairman.

Since then they have been white, pink and cream. They are growing straight and fast and the eventual height of 80 feet does not seem beyond my reach. By clipping off all but the main stem and lateral shoots, I seem to be encouraging more young growth, more colour, and the beginnings of a screen.

Mr. R. E. Tangue relinquishes his duties as chief executive of the LOOKERS GROUP on July 15 but continues as chairman. He is replaced by Mr. W. K. Martindale, who becomes group managing director.

And my screen? Perhaps I will get it thick and impenetrable, though I confess to a temporary wooden fence. For the couples still come and go, stop to play to ponder about the weather, peering at my poplars and wondering just what sort of sickness they must have caught to plant an interesting hedge to keep them out, and you end by attracting more attention than before. Leylandii after all.

Mr. Paul Mulholland, regional service manager of Eastern Gas, has been appointed assistant service director of the BRITISH GAS CORPORATION from August 1.

It may yet be Leylandii after all. And my screen? Perhaps I will get it thick and impenetrable, though I confess to a temporary wooden fence. For the couples still come and go, stop to play to ponder about the weather, peering at my poplars and wondering just what sort of sickness they must have caught to plant an interesting hedge to keep them out, and you end by attracting more attention than before. Leylandii after all.

Mr. Gerald Waring has been made director of product marketing, Europe, ITEL INTERNATIONAL. Mr. Waring was previously marketing manager, Europe, for Interdial.

Mr. Geoff Lacey has been appointed the first full-time administrative director of the Conservative Party's SMALL BUSINESS BUREAU. He was previously the Party's youth and community officer in the Greater London area.

Tanganyika Concessions Limited

Summary of the Statement by the Chairman The Hon. A. L. Hood

Table with 3 columns: Salient figures, 1976, 1975. Rows include Capital and reserves, Quoted investments at market value, Dividend received from Union Minière, Dividend received from Benguela Railway Company, Other income of T.C.L., Profit before taxation and extraordinary items, Profit after taxation and before extraordinary items, Extraordinary items, Earnings per Ordinary stock unit, Dividend on Ordinary stock.

- Union Minière - The Company's activity continues to be mainly directed towards North and South America. Benguela Railway Company - Uncertain conditions have made it impossible to resume international traffic, although limited services operated inside Angola during the year. Tanks Oil and Gas - Following a revision of the agreement with Invent and various farm-out agreements, the company's funds should suffice for the 1977 programme. Various possibilities are being studied for the provision of additional funds for appraisal and the development of discoveries. Elbar Industrial Limited - The trading activities in Scotland were again successful. In December, the John Fry group was acquired for £2,338,000. Elbar is now 53.8% owned by Tanganyika Concessions Limited.

Tanganyika Concessions are involved with mining through close association with Union Minière and with transportation through its 90% Group interest in the Benguela Railway Company. The Group is also involved in oil and gas exploration and development, agricultural engineering, commercial property and timber.

Copies of the full Statement may be obtained from the Registered Office of Tanganyika Concessions Limited, 6 John Street, London WC1N 2ES.

The Hongkong Bank Group can open it up

Advertisement for The Hongkong Bank Group. Features a large image of a globe and text: 'Our executives are businessmen. Located in 400 offices, they are linked by our own private satellite communications system - Spealink - used to move money, information and expertise between Europe, the Americas, the Middle East and the Asia Pacific Area. The local bank in 40 countries. The Hongkong Bank Group Assets exceed US\$14,000,000,000. Head Office: 1 Queen's Road Central, Hong Kong. London: 99 Bishopsgate, London EC2P 2BA.

COMPANY NOTICES

KOMATSU FORKLIFT CO. LTD. (CDRs) Referring to the advertisement in this paper of 3rd March, 1977 the undersigned announces that the original shares from 18% free distribution have been received. As from July 18, 1977 one new CDR Komatsu Forklift Co. Ltd. repr. 1,000 shs comp. div. 2 s.c.a. and (also) will be available at Kas-Associate N.V., Spuistraat 172 in Amsterdam, against delivery of 10 div. cp. no. 1. After August 31, 1977 the equivalent of the CDRs which have not been claimed by the holders of div. cp. no. 1 will be sold. The proceeds after deduction of expenses, will be held in cash at the disposal of said holders.

MURATA MANUFACTURING COMPANY LTD. (CDRs) Referring to the advertisement in this paper of 16th March, 1977 the undersigned announces that the original shares from 18% free distribution have been received. As from July 18, 1977 one new CDR Murata Mfg. Company Ltd. repr. 100 shs comp. div. 2 s.c.a. and (also) will be available at Kas-Associate N.V., Spuistraat 172 in Amsterdam, against delivery of 10 div. cp. no. 2 of CDRs repr. 100 shs or 1 div. cp. no. 2 of CDRs, repr. 1,000 shs.

AMSTERDAM DEPOSITORY COMPANY N.V. Referring to the advertisement in this paper of 16th March, 1977 the undersigned announces that the original shares from 18% free distribution have been received. As from July 18, 1977 one new CDR Murata Mfg. Company Ltd. repr. 100 shs comp. div. 2 s.c.a. and (also) will be available at Kas-Associate N.V., Spuistraat 172 in Amsterdam, against delivery of 10 div. cp. no. 2 of CDRs repr. 100 shs or 1 div. cp. no. 2 of CDRs, repr. 1,000 shs.

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that the Board of Directors of Barclays Bank Limited will meet on Thursday, 28th July 1977 at 11.00 a.m. in the Board Room, 12, Lombard Street, London E.C.4. H. JOHNSON, Secretary.

TANGANYIKA CONCESSIONS LIMITED

NOTICE IS HEREBY GIVEN that the undersigned, as Secretary of Tanganyika Concessions Limited, hereby gives notice of a meeting of the Board of Directors of the Company to be held on Monday, 18th July 1977, at 11.30 a.m. in the Board Room, 12, Lombard Street, London E.C.4.

PUBLIC NOTICE

GLoucester City 300,000 Bills issued 13.7.77 12.10.77 at 7.29/6400s. Total 600,000. Gloucester County 1,000,000 Bills issued 12.10.77 at 7.29/6400s. Total 1,000,000. Middlesex County 750,000 Bills issued 13.7.77 12.10.77 at 7.29/6400s. Total 1,500,000. Total outstanding 750,000.

MOTOR CARS

WANTED, Rolls-Royce Silver Cloud, early Shadow Motor Car, Please show Derby 752177 any reply.

ART GALLERIES

AGNEW GALLERY, 45 Old Broad St. London E.C.2. Mon-Fri. 9.30-5.30. Artists of Fame and of the Modern British Painters. 10.10.77 to 10.11.77. 10 to 5 Gall. to 10.11.77.

PERSONAL

HARPSICHORD Authentic, classical double manual. Mordelino quality from long established workshop of John Mordelino. Now completely reliable - fully guaranteed. £2,700 or £98 dep. 60 months. Personal delivery and installation in U.K. or package. NOWLEY GALLERIES, 11, Bedford Hill, London N.W.11. 01-852 6151 for brochure of Harpsichords, clavichords, pianos, harps.

LABOUR NEWS

Grunwick should recognise union, High Court rules

CHIEF JUSTICE. At a meeting on November 3, your pay and conditions of employment... Mr. Ward had agreed to cooperate with ACAS by supplying a list of the names and job-titles of those who had remained at work...

Lord Widgery said Mr. Ward had explained that the delay had been due to a number of issues as to whether there was to be a ballot or questionnaire to ascertain workers' opinions and whether the strikers were to be included in the inquiry... Other issues... There were two other issues to be decided - both concerning ACAS's obligation to ascertain the opinions of "workers" to whom the issue relates.

Rodgers warns NUR on bargaining

UNLESS the return to free collective bargaining is conducted in a peaceful and orderly way, not only wages but prices could explode next year... Mr. Rodgers, Transport Secretary, told the National Union of Railwaymen's conference at Ayr yesterday.

The Government, he said, had every intention of continuing in office until it completes its full term in 1979... The Government had made its counter-inflation policy the centre-piece of economic recovery and its commitment to it remained "totally unequivocal."

Mr. Rodgers said that "to abandon it now or to soften the priority given to it would be disastrous." Far too much was at stake to justify "abdication from a course we know to be right." As far as railways were concerned, a wages free-for-all would mean a great upsurge in costs which could not be met by fare increases.

Ward determined to have his own way, inquiry told

RODGER WARD, managing director of Grunwick, was yesterday described as the public enemy number one by the public... Mr. Ward had walked out of the inquiry on August 13, 1976, after a dispute with the union...

Lord Justice "Sturmer" said that when a company had a labour force consisting largely of people who had difficulty with the English language and who were not experienced in industrial disputes, it would help the inquiry to know how the company went about ensuring that people could vent their grievances, speak to the management, and be looked after where they were most vulnerable.

Recognition call to Rank Xerox

RANK XEROX should recognise the white-collar section of the Amalgamated Union of Engineering Workers (AUEW) in the North of England... The union's representatives are seeking recognition for their members.

European unions concerned over Unilever plans for Britain

EUROPEAN trade unionists in the multinational Unilever organisation have embarked on a joint emergency study of the group's international meat interests and in particular its investment plans in Britain... The move comes in response to group proposals for cuts in Holland affecting 1,800 jobs.

The European end of the Unilever trade union world council, special discussion of the way in which Unilever is rethinking its meat strategy was urged by the Dutch where works councils and trade unions have been strongly opposed to cuts... The timing of the inter-union talks was also important for the Dutch in view of pressure from their members in Unilever NV Meat Group to hold back on negotiations until a guarantee is received that the 1,800 threatened employees can be offered alternative employment in the company.

NUJ official fined

Mr. Tim Fell, 55, National Union of Journalists' national organiser for "broadsheeting" was among those fined at Darlington yesterday for offences arising out of a picket action in the North of England... He was fined £500.

Hospital strike

Sudden unofficial strike action was taken at nine Liverpool hospitals yesterday by auxiliary workers belonging to NUR... They are protesting against proposed cuts of £1m. by the area health authority.

Blast furnace could be on time

BRITISH STEEL still hopes that its £200-million-a-day blast furnace due to be commissioned at Redcar, Teesside, next year will be on time... The first of the new giant furnaces at Linwood, South Wales, stood idle for a year after commissioning because of a pay and conditions dispute with the blastfurnacemen.

Race case rejected

An Indian who told a Brighton Industrial Tribunal he was forced to leave his £30-a-week job as a fitter at an engineering firm because of prejudice by workmates, lost his case yesterday... The tribunal found no evidence of race discrimination.

Plas on law Bill

Mr. Geoffrey Dray, general secretary of NALGO, has written to Mr. Len Murray urging him to consider a last minute approach to sympathetic MPs to try to ensure the amendment or defeat of the Criminal Law Bill... The bill would allow the police to search a person's home without a warrant.

Factory lighting

A proposal to revoke part of the legislation relating to the standard of lighting in factories was put forward yesterday by the Health and Safety Commission... The proposal would allow employers to use lower levels of lighting in certain circumstances.

Financial Times Journalist Appeals aims of unreasonable delay dismissed

GORDON TETHER, a journalistic ability before the Financial Times journalist... Mr. Tether, 63, who wrote the newspaper's Lombard column for 21 years, was dismissed last September and is seeking reinstatement... He has rejected a compensation offer of full pay until normal retirement age and an unacted pension.

They clearly had to be left to take the initiative in this because only they knew how they intended to deal with his claim... In addition, the respondents had introduced into the proceedings serious charges relating to his professional competence and "ugly insinuations" about the state of his mind... Counsel for the respondents, however, had claimed that one of the problems was that although he was an extremely distinguished journalist, latterly his quality of performance had deteriorated to the point beyond that acceptable to the paper.

Bank employees ready to draft pay claim

THE National Union of Bank Employees and the umbrella body for the bank staff associations are on the point of making final drafts of a pay claim against the English clearing banks... The executive of NUBE, which has been hanging fire on a Phase Two deal due on July 1, meets to-day and will be considering a number of options.

The confederation will be meeting to-morrow to clarify its attitude towards pay... The Bank Staff Council is due to formulate the joint union claim on July 28 and put it to the employers on the same day... The claim is almost certain to have wide effects right through the country's financial institutions, with building societies and other finance houses usually following the lead set in the clearing banks.

CONTRACTS AND TENDERS

REPUBLIC OF IRAQ

MINISTRY OF COMMUNICATIONS STATE ORGANISATION OF IRAQI PORTS

Combined Port Facilities at Khor-Al-Zubair Prequalification of Contractors

- 1. The State Organisation of Iraqi Ports intends to invite tenders from a short list of qualified contractors for the construction of industrial port facilities at Khor-Al-Zubair, near Basrah.
2. The works include 5 berths each 250 m. long, storage buildings for phosphate and urea with a capacity of 370,000 tonnes, freight sheds, railways, roads, buildings, mechanical handling conveying and ship loading equipment.
3. Comprehensive tenders for a single contract covering all aspects of the project will be invited about September 1977 on the basis of detailed designs, specifications and bills of quantities prepared by Consultant of the project.
4. Visits to the site of the works can be made by appointment through the President of SOIP.
5. Interested firms or consortia should submit details of their previous experience of similar works, together with particulars of their financial resources, plant availability, necessary references and proposed arrangements with manufacturers and suppliers.
6. The SOIP does not bind itself to invite tenders from all or any of the applicants and cannot entertain any queries or correspondence regarding reasons for an applicant not being included in the list.
7. Submissions should be made to the undersigned with a copy to Husband & Co., Consulting Engineers, St. Ermin's, Caxton Street, London SW1H 0QP, England, not later than 18th July, 1977.
The successful applicants will be required to pay the sum of I.D. 100/- against tender documents and drawings that will be sent to them upon receipt of this sum.

Judges reject union's appeal over strike

THE NATIONAL and Local Government Officers' Association failed yesterday in its appeal against a court order granted in March prohibiting the union from holding a one-day strike in protest against Government cuts... The court order also prohibited it putting the photo effect strike call on any later date.

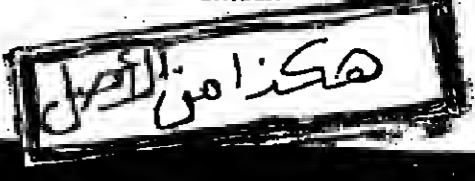
Three Appeal Judges in the First Division of the Court of Session in Edinburgh also refused the union leave to appeal to the House of Lords... The union had appealed against the interim interdict granted by Lord Cameron on March 8, when he held that the union's conference in January had no power to issue the strike instruction to members... Lord President Emslie said the petition was brought by seven members of the union who claimed a substantial majority of members opposed the proposed oppressively towards its employees.

Mr. Tether alleged that the respondents, advised throughout by counsel with a close acquaintance with these matters, had failed to adopt a responsible attitude towards the time the hearing would take.

Mr. Tether added that as he would be writing for quality newspapers and periodicals it would have been impossible to have made a more damaging charge against his work... Mr. Tether later asked Mr. Justice Dukes, a director and general manager of the Financial Times, whether he considered the dispute procedure to have been exhausted prior to his dismissal... He pointed out that that procedure could have run to a further stage to a committee of five National Union of Journalist representatives and five representatives of the Newspaper Publishers' Association following the six main members—three NUG and three NPU members—set up to examine his case.

The hearing continues to-day... The judge said the found note...

INTERNATIONAL FINANCIAL AND COMPANY NEWS



Concern in Japan over trading company loans

BY YOKO SHIBATA

TOKYO, July 12

PARIS, July 12. CREDITS AND credit guarantees extended by Japanese trading companies have swollen rapidly...

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SLA chooses McDonnell Douglas at \$410m.

BY H. F. Lee

SINGAPORE, July 12

SINGAPORE AIRLINES (SIA) has announced its decision to purchase four McDonnell Douglas DC 10-30 aircraft to replace its ageing Boeing 707s.

The decision will mean that SIA will be making a major departure from its current all-Boeing fleet operation. The DC-10s together with related equipment, spare parts and a training simulator will cost some \$410m.

The DC-10 aircraft types considered by SIA in an evaluation exercise which started 12 months ago were: the DC-10 (both the -30 and -40 versions), the Lockheed L 1011-300, the Boeing 747 SP, 747-200 combi and the 747-300MDE.

The choice, however, was eventually narrowed down to the DC-10 and the Boeing 747-200 variant. In deciding on the DC-10, SIA said "assessing the merits of these two outstanding aircraft, against a background of very keen competition between the respective airframe and engine manufacturers, was a difficult exercise."

The essential difference lies in their cargo carrying capacities and their operating costs. The larger and heavier Boeing aircraft has a capacity for 23 tonnes of cargo, 10 tonnes more than the DC-10. While its start-up costs would be low, because of its commonality with SIA's existing fleet, its operating costs are considerably higher.

SIA added that the higher cargo capacity of the 747-200 will not be needed on many of its potential routes and where a good cargo potential exists, the DC-10 can be supplemented by 707 freighters.

Battle for control of South African wholesaler

BY RICHARD ROLFE

JOHANNESBURG, July 12

THE TWO major food producing groups in South Africa, Tiger Oats and Premier Milling, are competing for control of the fast-growing, cash wholesaler Metro Cash and Carry whose turnover is now running at about R230m per year and which has the potential to be an increasingly important outlet.

For some years Metro has been owned as to 57 per cent by its directors and 30 per cent by Tiger Oats. One director, Mr. Nathan Kirsh of the unquoted Kirsh Industries group recently acquired the interests of the other directors, mainly the Katz family and Tiger Oats. Metro has effectively become controlled by one of Mr. Kirsh's holding companies, Kinnet, an R10m unlisted company.

Tiger Oats contested the Kirsh acquisition and brought an application to court to restrain it pending arbitration proceedings. The Supreme Court refused Tiger Oats' application and notice of appeal has been lodged.

Meanwhile, it has emerged that even before the appeal has been heard, Premier Milling has obtained a toe-hold in the situation by taking up R4m of participating Preference shares in the unlisted Bank subsidiary Metro National Bank subscribing for another R5m, which will be sold over a period of several years to Premier.

More important, the deal gives Premier Milling the right to buy out Kinnet's controlling stake in Metro should Mr. Kirsh ever want to sell. After many years of rivalry just below the surface, local commentators have now observed that Premier Milling and Tiger Oats have increasingly become involved in public battles. There has been fang-bared competition in the pet food market; a struggle between the two for control of the quoted food producer S. Tein Bros., won by Tiger Oats; and now the Metro scrap, in which Premier seems to have come out on top, subject to appeal.

All this aside, investment opinion seems to be moving marginally in favour of Tiger Oats, now 775 cents to yield 6 per cent, on the grounds that its earnings growth has been faster in recent years than Premier's, which yields 4.5 per cent at 665 cents.

Oats have increasingly become involved in public battles. There has been fang-bared competition in the pet food market; a struggle between the two for control of the quoted food producer S. Tein Bros., won by Tiger Oats; and now the Metro scrap, in which Premier seems to have come out on top, subject to appeal.

All this aside, investment opinion seems to be moving marginally in favour of Tiger Oats, now 775 cents to yield 6 per cent, on the grounds that its earnings growth has been faster in recent years than Premier's, which yields 4.5 per cent at 665 cents.

Tiger Oats' price/earnings ratio at four times is exactly half that of Premier Milling's, which is controlled by Associated British Foods. Tiger's main shareholders are local South African institutions such as the Old Mutual.

CSR final offer in sugar fight

BY OUR OWN CORRESPONDENT

SYDNEY, July 12

DIVERSIFIED AUSTRALIAN sugar giant CSR made a last-ditch attempt today to break a deadlock in negotiations with Japanese sugar refiners.

The company offered the Japanese concessions which will save them about \$A75m in payments they must make between now and 1980 when the long term sugar contract runs out. It gave the Japanese mills until July 22 to make a decision on what it made clear, was its last offer.

The situation is delicate because the long-term sugar contract is covered by an exchange of letters between the two national governments. It is also complicated by moves by the refiners and Japanese sugar unions to boycott shipments of Australian sugar.

The Australian side has reached its limit on the concessions it was prepared to grant. Mr. Campbell said: "They [Australian farmers and millers] have invested more than \$400m in expansion of capacity based on the long-term contract. If the contract is dishonoured or broken by the boycott, the case will go to independent arbitration. A situation the Australians will accept, Australia is within its rights to enforce the contract, which on July 1, enters the third year of a five-year term. But arbitration would damage friendly trade relations between the two countries."

CSR final offer in sugar fight

BY OUR OWN CORRESPONDENT

SYDNEY, July 12

The Japanese argue that the price set down in the contract of \$405 a metric tonne is steep compared with the current world price of \$175 a ton. (One metric tonne equals 0.984 of a ton.) But the contract was signed in 1975 when the world sugar price was running at over \$A70 a tonne.

Although the new offer was under discussion, this evening, the result is not expected for several days as there are 33 refiners involved. CSR's deputy general manager, Mr. A. J. Campbell said the \$75m concession was a huge one by any standards and stressed that Australian cane farmers and sugar millers had their own financial problems. The Australian side had reached its limit on the concessions it was prepared to grant.

Mr. Campbell said: "They [Australian farmers and millers] have invested more than \$400m in expansion of capacity based on the long-term contract. If the contract is dishonoured or broken by the boycott, the case will go to independent arbitration. A situation the Australians will accept, Australia is within its rights to enforce the contract, which on July 1, enters the third year of a five-year term. But arbitration would damage friendly trade relations between the two countries."

Comfin petition over debt. BRISBANE-BASED financier Comfin Australia has landed in hot water ever a \$A26.370 the loan.

Landesbank Giro. plan

BY MICHAEL VAN OS

AMSTERDAM, July 12

PLANS ARE well advanced for six leading European co-operative banks, with combined assets of \$200bn, to set up a consortium to co-ordinate their relatively young international activities. It is understood the consortium will be called the Unico Group and its secretariat will probably be based in Amsterdam.

The six banking groups involved are Deutsche Genossenschaftsbank of Germany; Caisse Nationale de Credit Agricole of France; Centrale Rabobank of Holland; Genossenschaftliche Zentralbank of Austria; Andelsbanken, of Denmark; and Oke Bank, the Finnish group of co-operative banks.

The groups are the mere inter-nationally-oriented members of the London-based bank London and Continental Bankers Ltd, in which several other European institutions also participate. It is understood that LCB will be carrying out Unico's future banking activities.

Through a series of Unico offices is not ruled out in the future, initially through Unico, for example, the German partner will be carrying out the Dutch bank's business in Germany. The plan makes it unnecessary for the members to set up own offices outside their home area to service clients abroad.

Last December, the Dutch member, Rabobank, one of the three largest financial institutions in Holland, indicated that the six intended to step up mutual co-operation to be able to expand their range of services for national organisations and clients.

Market trading falls in Denmark

BY MICHAEL VAN OS

AMSTERDAM, July 12

TURNOVER of bonds and shares on the Copenhagen Stock Exchange fell in the first half-year compared with the same period last year, according to a half-year report from the Stock Exchange writes Hilary Barnes from Copenhagen.

Share turnover was down by 27 per cent, but prices rose with the share index up from 100.58 to 105.27 at the end of June.

Regarding the Bank Puer Kredit und Aussenhandel AG, a Swiss bank in which the Landesbank owns a 74.7 per cent share, Sinnwell said he hopes to further intensify Swiss-German economic relations. There are ten Landesbank-Girozentrale in West Germany. Besides acting as the central savings bank in each State, they also act as the Bank for the State Erwin. Sinnwell, management team have increasingly reached beyond their State boundaries.

With the opening of the new branch, the Bank is moving further along in its functions as a universal bank with "more than just regional significance," Sinnwell said. He added that after a start-up period of two years, the new branch can count on a "good business."

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Advertisement for OK Oljekonsumenternas förbund. U.S. \$50,000,000. Involving U.S. Acceptance Credit Facility. Lists participating banks including MBROS BANK LIMITED, ANDINAVISKA ENSKILDA BANKEN, ROYAL BANK OF CANADA, etc.

Advertisement for AUMAR Autopistas del Mare Nostrum, S.A. DM 60,000,000. MEDIUM TERM LOAN. THE SPANISH STATE. Lists participating banks including BANCO CENTRAL S.A., MANUFACTURERS HANOVER LIMITED, etc.

Vertical text on the left margin: "with slow", "Nobel", "geot-oen", "ng 250m.", "ports to U.K.", "jan bank", "s to continu", "ra raises", "lance", "Austrian merge", "SCAPAD", "aged by", "to be provided by", "MBROS BANK LIMITED", "ANDINAVISKA ENSKILDA BANKEN", "ROYAL BANK OF CANADA", "NDINAVIAN BANK LIMITED", "URITY PACIFIC BANK", "NDINAVISKA ENSKILDA BANKEN", "ONTO DOMINION BANK"

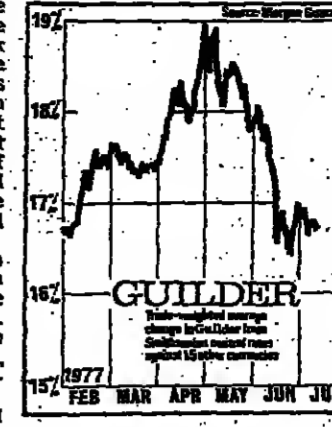
WALL STREET & OVERSEAS MARKETS + FOREIGN EXCHANGES

Further 2 off on economic worries. PRICES SLIPPED today, further line which has been temporarily in fairly active trading on Wall Street today, reflecting waiting investors' confidence in the longer-term strength of the economy.

250f; each said Spain's pesetas and Philips each improved about 10 per cent. Elsewhere, prominent gains were seen in Venezuela, with Fluor at 18 1/2 and KLM at 17 1/2. Pirelli SpA rose 1/2 to 15 1/2, while Hukco Oil, Genstar 2 3/4, Home Oil "B", 3 3/4, and Sandwell "A", 3 1/4 each added 1/4.

MILAN—The market continued to decline in leather trading, but the day's gain was 1 1/2. Fiat's share price rose to 180,000. Fiat's share price rose to 180,000. Fiat's share price rose to 180,000.

Conditions were much quieter in the foreign exchange market yesterday, with the dollar closing at around its best level since early 1977.



GOLD MARKET table with columns for Gold Bullion, Gold Bars, and various international gold prices in different currencies.

TUESDAY'S ACTIVE STOCKS table listing various stocks with their closing prices and percentage changes.

OTHER MARKETS section including Canada up again, where Canadian stock markets made further progress in active trading yesterday.

BRUSSELS—Lower for choice in aleak trading. SOFAS, however, rose Frs. 35 to Frs. 2,000 and Electrolux Frs. 30 to Frs. 5,170.

VIENNA—Slightly higher. The market continued to decline in leather trading, but the day's gain was 1 1/2.

RIGHTS RATES table showing rates for various countries and currencies.

SPECIAL DRAWING section regarding the International Monetary Fund drawing.

FOREIGN EXCHANGES table showing exchange rates for major currencies like New York, London, and others.

Indices table for NEW YORK - DOW JONES, showing stock indices from 1977 and 1976.

Table of RISES AND FALLS for various international stock markets including Montreal, Toronto, and Johannesburg.

AUSTRALIA—Mostly higher in very light trading. Oil and mining issues were highlighted by speculation about an increase in the domestic oil price.

Notes: Overseas prices shown below exclude 5 per cent. Belgian dividends are shown at 200 francs.

EXCHANGE CROSS-RATES table showing rates for Frankfurt, New York, Paris, Brussels, London, and others.

EURO-CURRENCY INTEREST RATES table showing rates for various currencies and terms.

STANDARD AND POOR'S table with columns for 1977 and 1976 stock indices.

Table of RISES AND FALLS for various international stock markets including Amsterdam, Tokyo, and others.

Table of RISES AND FALLS for various international stock markets including London, Frankfurt, and others.

FORWARD RATES table showing rates for various currencies and terms.

OVERSEAS SHARE INFORMATION

Large table listing various international stocks with columns for company names, share prices, and other details.

Table listing various international stocks under the heading 'NEW YORK', including companies like ABC, DEF, and GHI.

Table listing various international stocks under the heading 'CANADA', including companies like JKL, MNO, and PQR.

Table listing various international stocks under the heading 'AMSTERDAM', including companies like RST, UVW, and XYZ.

Additional financial information and market updates at the bottom of the page.

IRMING AND RAW MATERIALS

es losing U.K. beet sugar crop may market break previous record utter

By JOHN EDWARDS, COMMODITIES EDITOR
BRITAIN'S SUGAR beet crop this year could produce a record total of 1.1m. tonnes of white sugar...

Brazil crop fears boost cocoa Land reform runs into trouble

By Richard Manney
LONDON (Cocoa) futures prices moved up to new all-time peaks yesterday in the face of heavy speculative buying...
BY DIANA SMITH IN LISBON
THE ABRUPT expropriation of labourers, private farmers, and the forces of law and order...

Novel plan for new-look CAP

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
FUNDAMENTAL changes in the Common Agricultural Policy were proposed by Prof. John Marsh...

New cut in Colombian coffee deposit

By Our Commodities Staff
NEWS OF a further cut in Colombian coffee export deposit...

Soya hits year low

Current crop U.S. soyabean were on sale yesterday at \$235 a tonne of Rotterdam/Hamburg...

Europe's beef 'mountain' growing

By OUR COMMODITIES STAFF
THE COMMON Market's beef 'mountain' is 50,000 tonnes bigger than at this time last year...

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns listing commodity prices for metals, oil, grains, and other goods. Includes sub-sections for SUGAR, PRICE CHANGES, and U.S. Markets.

ntiCommodity HEAT & FLOUR OUTLOOK AVAILABLE—WRITE OR PHONE

ENTIAL PROPERTY

NORFOLK Thickethorn Hall A LATE GEORGIAN HOUSE

Knigh Frank & Rutley 20 Hanover Square London W1R 0AH

COFFEE RUBBER SOYABEAN MEAL

MEAT/VEGETABLES

COCOA

GRAINS

U.S. Markets Soyabeans easier as gold firms

WOOL FUTURES

FISH MEETING

FINANCIAL TIMES REUTERS

MOODY'S

STOCK EXCHANGE REPORT
Quietly firm on prospect of fall in inflation rate
Index rallies 6.5 to 446.3 on cessation of small selling

Account Dealing Dates
First Declara- Last Account
Dealings Date Dealings Day
Jun 27 July 7 July 19 July 21
Jul 11 July 21 July 22 Aug 2
Jul 25 Aug 4 Aug 5 Aug 16

Stock markets showed widespread small gains yesterday following Press comment on the implications of the latest Wholesale Price Index. The comment gave rise to a sense of vindication of official suggestions that price inflation is likely to fall during the second half of the year, which led to the feeling that the Government had been right to take a little more room in its efforts to come up with some union support on pay policy.

at the opening of business on Monday. News that the coupon on this week's batch of Local Authority Yearling bonds had risen to double figures again, from 91 per cent, failed to influence sentiment. Corporations tended to mark time, but Southern Rhodesian bonds were occasionally a point harder despite reports of little progress in the latest attempts to resolve the constitutional issue.

Interest in investment currency was curtailed by a revival of talk directed towards the abolition of the 25 per cent surcharge rule and the premium drifted back to close a net 7 lower at 110 1/2 per cent. Yesterday's SE conversion factor was 0.712 (0.7159).

Home Banks better
With a view to the approaching half-yearly dividend season, buyers were more willing in Bank. National Westminster interim results due on July 26 and the fall of 7 at 261 1/2, while Midland (July 22) rose 0.25, and Barclays (July 22) a like amount to 274. Lloyds (July 22) rose 1/2, while Anglo-Irish rose 3/4 to 285. Discounts were mixed: Cater Bynder shed 5 to 260, but Union gained that much to 345; the latter's interim statement is due on July 20.

3 to the good at 172p, while gains of around 4 were seen in John Brown, 200p, Tubex, 414p, and Vickers, 188p. Speculation in Shipbuilders on nationalisation compensation took a further step yesterday when the bid for 7p Vesper Thorncroft 5 higher to 110p. Yarrow also 5 higher to 203p, and Swan Hunter just 3 better to 197p.

Press comment on the full accounts and fell 5 to 180p. Dealings were suspended in Comfia Australia at 33p following a similar speculation about new ERIC advanced 7 to 200p, sentiment was stimulated by the possibility of a bid from Rolls-Royce and by the substantial trading recovery. Elsewhere, Lucas Industries rallied 8 to 257p. Kameson, 150p, rose 1 1/2 to 65p on the better-than-expected interim report, while Press mention lifted Alexander Holdings 1 1/2 to 44p. AC Cars contrasted with a decline of 2 to 259p. ERIC advanced 7 to 200p, sentiment was stimulated by the possibility of a bid from Rolls-Royce and by the substantial trading recovery.

Oil features
Speculative North Sea issues were well to the fore in the oil sector. Expectations of an imminent statement on the Thelma field drilling pushed Oil Exploration up 1 1/2 to 202p, while Premier firm'd a penny to 20p in sympathy. Siebens (U.K.) revived at 150p, up 5, Tricentral advanced 4 to 176p and British Bernevo were noteworthy for a rise of 1 to 172p. Less than 100 shares were traded, only a modest premium is expected to-day when dealings start in the Ordinary shares. Among the leaders, British Petroleum advanced 1 1/2 to 450p, and Anglo Petroleum rose 1 1/2 to 420p. Shell, however, closed a few pence to the good at 558p.

Wilkinson Match up
Wilkinson Match responded to the preliminary results with a 1 1/2 point rise to 32 1/2. Renewed buying in an extremely thin market left Whitmore Reeve Angel 1 1/2 higher at 280p, but R. W. Toothill eased a penny to 32p on the annual loss. Still reflecting the encouraging annual review, Bradford Colleigh up 4 to 103p and buying interest also developed for RFD, which closed 5 to the good at 63 1/2p. After 6p, Siebe Gorman improved 3 to 153p on the good news that the bid talks with Babcock and Wilcox helped Butterfield Harvey bar'den 2 to 61 1/2p. General Engineering (Radcliffe), 28p, and M. L. Holdings, 74p, improved 1 1/2 and 3 respectively ahead of results due next week. British Rollmakers were quoted at 13p ex the 3-1 scrip issue. Among the leaders, Rawker Slide-deckley touched 176p before ending

Ratners please
Following Monday's improvement in anticipation of good preliminary figures, Ratners (Jewellers) did not disappoint and the increased profits together with a proposed 100 per cent scrip issue kept the price up 5 more to 82p. The tone elsewhere in Stores was firm, particularly in Mail Order issues: Gussies "A" advanced 3 to 227p, while Empire Stores rose 3 to a 107p peak of 142p. Marks and Spencer and House of Fraser gained 2 and 3 respectively to

thin market for a two-day loss of 40 to Supermarkets. Tesco hardened 1 1/2 to 39 1/2p. Hotels and Caterers made modest headway. Adda International moved up 2 to 28 1/2, while the help of call-option business, while speculative interest in a thin market left De Vere Hotels 7 higher at 158p.

Consideration of the 30 per cent increase to 63p. Auditors were an isolated dull spot, shedding a penny to a low for the year of 29p. A better trend in the Electrical leaders was mirrored in an improvement of 6 to 310p in Thorn "A" and rises of 4 and 3 respectively in GEC, 200p, and EMI, 215p. Fresh buying interest was also shown in Recal, 6 to the good at 45 1/2p, while Ward and Goldstone stood out with an advance of 6 to 100p. Bowthorpe gained 2 1/2 to 32 1/2p and Lewis Newmark firm'd 5 to 135p.

Engineering was notable for firmness in those issues for which interim or annual results are expected over the next few weeks. Into this category came Scotted demand pushed Huntleigh up 4 to 103p and buying interest also developed for RFD, which closed 5 to the good at 63 1/2p. After 6p, Siebe Gorman improved 3 to 153p on the good news that the bid talks with Babcock and Wilcox helped Butterfield Harvey bar'den 2 to 61 1/2p. General Engineering (Radcliffe), 28p, and M. L. Holdings, 74p, improved 1 1/2 and 3 respectively ahead of results due next week. British Rollmakers were quoted at 13p ex the 3-1 scrip issue. Among the leaders, Rawker Slide-deckley touched 176p before ending

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FINANCIAL TIMES STOCK INDICES
Table with columns: Index, July 12, July 11, July 10, July 9, July 8, July 7, % Chg.

HIGHS AND LOWS S.E. ACTIVI
Table with columns: Stock, High, Low, High, Low, % Chg.

ACTIVE STOCKS
Table with columns: Stock, Denomina- No. Closing Change 1977

NEW HIGHS AND LOWS FOR 1977
Table with columns: Stock, High, Low, High, Low, % Chg.

RISERS AND FALLS YESTERDAY
Table with columns: Stock, High, Low, High, Low, % Chg.

ENTERTAINMENT GUIDE
CC—These theatres accept certain credit cards by telephone or at the box office
OPERA & BALLET
THEATRES
THEATRE THEATRE
THEATRE THEATRE

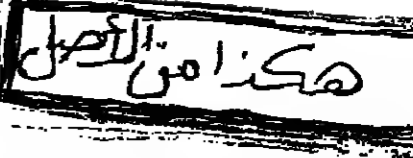
RECENT ISSUES
EQUITIES
Table with columns: Issue, Price, High, Low, Stock, % Chg.

FIXED INTEREST STOCKS
Table with columns: Issue, Price, High, Low, Stock, % Chg.

"RIGHTS" OFFERS
Table with columns: Issue, Price, High, Low, Stock, % Chg.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Act and the Faculty of Actuaries
EQUITY GROUPS
Table with columns: Index, % Chg, Yield %

CINEMAS ARE CONTINUED ON PAGE 20



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for fund names, managers, and performance metrics.

BASE LENDING RATES table listing interest rates for various banks and financial institutions.

Table listing various financial services, seminars, and company meetings.

Financial Times Cinema advertisement text describing a movie screening.

Table listing various insurance and property services.

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Financial Times Cinema advertisement text.

CLIVE INVESTMENTS LIMITED advertisement with contact information and a list of services.

INSURANCE BASE RATES advertisement listing various insurance rates.

FT SHARE INFORMATION SERVICE



1 Camomile Street Telephone 01-823 7511 London EC3A 7HJ Telex 8911181

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, and % Change. Includes various fund names like 'British Fund' and 'Investment Fund'.

INTERNATIONAL BANK

Table of International Bank rates for various currencies and locations.

COMPARISON LOANS

Table comparing loan rates for different terms and currencies.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African loan rates.

LOANS (Miscel.)

Table of miscellaneous loan rates.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail shares.

AMERICANS

Table of American stocks and shares.

CEMENT

Table of cement prices and companies.

BANKS AND BIRCH PURCHASE

Table of bank and birch purchase rates.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit prices.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV listings.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads data.

BUILDING INDUSTRY - Continued

Continuation of building industry data.

CHEMICALS, PLASTICS

Table of chemical and plastic prices.

DRAPERY AND STORES

Table of drapery and store prices.

BUILDING INDUSTRY, TIMBER AND ROADS

Continuation of building industry, timber, and roads data.

DRAPERY AND STORES - Continued

Continuation of drapery and store data.

ELECTRICAL AND RADIO

Table of electrical and radio prices.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tool prices.

DRAPERY AND STORES

Continuation of drapery and store data.

ENGINEERING - Continued

Continuation of engineering data.

FOOD, GROCERIES, ETC.

Table of food and grocery prices.

HOTELS AND CATERERS

Table of hotel and caterer prices.

HOTELS AND CATERERS

Continuation of hotel and caterer data.

Main table of industrial shares with columns for Stock, Price, and % Change. Includes various company names like 'British Steel' and 'ICI'.

Handwritten text at the bottom of the page.

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for Stock, Price, High, Low, and % Change.

MOTORS, AIRCRAFT TRADES. Motors and Cycles, Commercial Vehicle, Components, Gages and Distributors, SHIPBUILDERS, REPAIRERS, SHIPPING, SHOES AND LEATHER, SOUTH AFRICANS, NEWSPAPERS, PUBLISHERS, PAPER, PRINTING, ADVERTISING, PROPERTY, TOBACCO, TRUSTS, FINANCE, LAND, INVESTMENT TRUSTS.

PROPERTY - Continued. Table listing property-related stocks with columns for Stock, Price, High, Low, and % Change.

TRUSTS - Continued. Table listing various trust stocks with columns for Stock, Price, High, Low, and % Change.

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International Finance DAIWA SECURITIES. MINES - Continued, AUSTRALIAN, TINS, MISCELLANEOUS, NOTES, TEAS, India and Bangladesh, Sri Lanka, Africa, MINES, CENTRAL RAND, EASTERN RAND, FAR WEST RAND, O.F.S., FINANCE, DIAMOND AND PLATINUM, REGIONAL MARKETS, OPTIONS, 3-month Call rates.

Post Office still plans to axe second letter delivery

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST Office is sticking to long-term plans to cut the second letter delivery in spite of a denial issued earlier this year that no further action would be taken and that no further planning on this was being undertaken.

Present delivery arrangements must be rationalised, says the business plan. "To avoid the serious waste of manpower inherent in the current system of two deliveries a day."

It aims to ensure the abandonment of second deliveries is phased to avoid redundancies. Even on pessimistic assumptions, the postal business can be maintained as a viable concern, says the plan.

Costs must now be rigorously contained, says the plan. Keeping prices at their lowest level. There must not be allowed to rise the threshold of nuclear war-fare.

New drive against vans from Japan

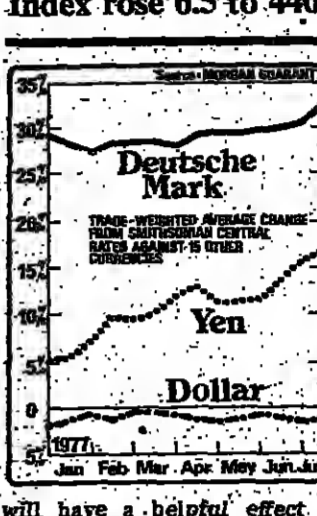
By Terry Dodsward, Motor Industry Correspondent

THE MOTOR INDUSTRY is mounting an offensive against Japanese vehicle imports following the rapid increase in sales of imported vans and pickups in the past 18 months.

Overseas scope for Wilkinson Match

Index rose 6.5 to 446.3

When British Match merged with Wilkinson Sword, the logic emphasised diversification and foreign sales. But the status of a "major force in the international consumer goods field" is still a long way off in terms of overseas earnings.



Meyer indicates that in April was poor June was satisfactory. Lower money rates will help. The pair both cases in 1976-77...

Commission to look at discounts

By Elinor Goodman, Consumer Affairs Correspondent

THE MONOPOLIES Commission is to look at the system of discounts given by suppliers to retailers. It will try to establish how far these discounts are related to cost savings and whether they operate in the public interest.

Carter implies favour for neutron bomb

BY JUREK-MARTIN, U.S. EDITOR

PRESIDENT CARTER-to-day implied he was in favour of the controversial neutron bomb, but stated he had not yet decided whether to deploy the weapon.

Earlier, Senator Robert Byrd, the majority leader, gave the impression that the President's support for the weapon was absolute.

As it stands, at the moment, only the President of the United States is empowered to order any form of nuclear strike. But since the neutron bomb is a tactical device, useable in a relatively confined space, and not a major strategic weapon, power to order its use would presumably be vested in a local commander in the field.

U.S. law

It follows the Commission's report last November on the frozen food market, which questioned the use of certain discount arrangements, particularly when not directly related to savings involved in servicing the larger customers.

Salisbury warns on settlement

BY TONY HAWKINS

BLUNTLY warning that there would be no Rhodesian settlement unless Britain had a complete change of mind on several fundamental issues, the Salisbury Government yesterday threw cold water on optimistic reports of progress in the present Anglo-American settlement initiative.

Graham of the Foreign Office and Mr. Stephen Low, U.S. ambassador to Zambia—had been reported as saying their talks had gone very well, in fact, the position was "quite the reverse."

Smith and Dr. David Owen, British Foreign Secretary. The spokesman said Mr. Graham had taken back a "very clear and precise" message to Dr. Owen, pointing out the need for a fundamental change of heart on his part on such issues as the need to retain the confidence of the white Rhodesians.

Commercial Union

Commercial Union's decision to sell its subsidiaries in Austria and Germany...

Commercial Union's decision to sell its subsidiaries in Austria and Germany was the start of a major programme of divestment around the world.

Timber

The timber trade has faced more difficult conditions in recent months, with consumption well down on 1976 levels...

Timber: The timber trade has faced more difficult conditions in recent months, with consumption well down on 1976 levels by over one-tenth, according to official statistics...

Currencies

The devaluation of the dollar was a long expected foreign exchange...

Currencies: The devaluation of the dollar was a long expected foreign exchange and scarcely distracted from the major trend, the appreciation of the yen and the devalued dollar...

EEC pressure on S. Africa likely

Continued from Page 1

Weather

U.K. TODAY

WARM except in E. London, S.E., S.W. Cent. S. England, Midlands, S. Wales, Channel Isles. Scattered thundery showers, sunny intervals, wind light, N.E. Max. 20° (SE).

N.W. Cent. N. England, N. Wales, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland. Sunny periods, wind light, N. Max. 22°C (72°).

HOLIDAY RESORTS: Alicante 27-31, Ibiza 25-29, Majorca 26-30, Mallorca 27-31, Menorca 26-30, Tenerife 26-30, Granada 26-30, Valencia 26-30, Murcia 26-30, Seville 26-30, Cadix 26-30, Malaga 26-30, Faro 26-30, Faro 26-30, Faro 26-30.

Grunwick

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spokesman, went further than before in accepting the right of an individual not to belong to a trade union. Previously Mr. Callaghan has avoided antagonising his left-wing by declaring too open a commitment.

Iran against oil rise

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decided here about oil prices in 1977, and that could be differences when members meet in five months' time. But here the determination not to see the organisation split again is very evident.

The idea was proposed by Dr. David Owen, British Foreign Secretary, at an EEC political co-operation meeting here. He suggested that EEC governments consider adopting a 'code of conduct' for the South African subsidiaries of European companies.

ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE. SANWA BANK advertisement with financial data and contact information.